



LEPHALALE

LOCAL MUNICIPALITY

Tel: +27 14 763 2193
Fax: +27 14 763 5662
E-Mail: munic@lephalale.gov.za
Website: <http://www.lephalale.gov.za>

Private Bag X136
LEPHALALE
0555

Our Ref: 5/1/1-17594

Your Ref:

Enquiries: Lesego Matlwa

Attention of:

30 October 2020

NATIONAL TREASURY
Private Bag x 115
PRETORIA
0001

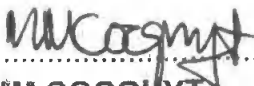
Dear Sir/Madam

**SUBJECT: SUBMISSION OF UNAUDITED ANNUAL FINANCIAL STATEMENTS
AND ANNUAL PERFORMANCE REPORT AS AT 30 JUNE 2020**

Kindly receive Unaudited Annual Financial Statement and Annual Performance Report as at 30 June 2020.

Hope you find the above in order.

Yours Faithfully


.....
MM COCQUYT
MUNICIPAL MANAGER



LEPHALALE MUNICIPALITY

LEPHALALE LOCAL MUNICIPALITY
Financial statements
for the year ended 30 June 2020

LEPHALALE LOCAL MUNICIPALITY

(Registration number LIM362)

Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity	Municipality (MFMA)
Nature of business and principal activities	Local Municipality
The following is included in the scope of operation	Constitution of the Republic of South Africa Act 108 of 1996 Provision of Water, Electricity, Waste Management, Waste Water Management and Public Works
Mayoral committee	
Local Mayor	Hon. MJ Maeko
Councillors	Cllr. KR Molokomme (Speaker) Cllr. A Thulare (Chief Whip) Cllr. WM Motlokwa (Executive Comm & Portfolio Chairperson: Governance, admin and BTO) Cllr. ML Shongwe (Executive Comm & Portfolio Chairperson: Municipal Infrastructure Services) Cllr. AE Basson (Chairperson: Geographical Name Change Committee) Cllr. MM Semanya (Executive Comm & Portfolio Chairperson: Social Services) Cllr. MJ Marakalala (MPAC Chairperson) Cllr. NJ Motebele Cllr. LF Monare (Chairperson: Radical Socio - Economic Transformation Committee) Cllr. LS Manamela (Executive Comm & Portfolio Chairperson: Planning & Economic Development Services) Cllr. P Molekwa Cllr. ME Maisela (Chairperson: Women Caucus - All Women Councillors) Cllr. MJ Selokela (Chairperson: Ethics Committee) Cllr. SM Niewoudt Cllr. RT Modise Cllr. NH Pienaar Cllr. SL Seabi Cllr. KM Mogohloana Cllr. MM Makgae Cllr. MF Mashita Cllr. MR Modiba Cllr. RM Mabasa Cllr. MM Madibana Cllr. KG Mbezi
Grading of local authority	Grade 3
Accounting Officer	MM Cocquyt
Chief Finance Officer (CFO)	LM Matlwa
Registered office	Corner Joe Slovo Street & Douwater Avenue Onverwacht Lephalale 0557
Business address	Corner Joe Slovo Street & Douwater Avenue

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

General Information

	Onverwacht Lephalale 0557
Postal address	Private Bag X136 Onverwacht Lephalale 0557
Bankers	ABSA Bank
Auditors	Auditor General of South Africa
Preparer	The financial statements were internally compiled by: Sakkie Jooste, Maggie Ntwampe, Mabu Manaka, Amogelang Marope and Tebogo Mojela Budget and Treasury Management
Published	31 October 2020
Level of Rounding off	Nearest Rands
Website	www.lephalale.gov.za
Email	munic@lephalale.gov.za

LEPHALALE LOCAL MUNICIPALITY

(Registration number LIM362)

Financial Statements for the year ended 30 June 2020

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The reports and statements set out below comprise the financial statements presented to the Council and Treasuries:

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Financial Statements for the year ended 30 June 2020

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
ASB	Accounting Standard Board
DBSA	Development Bank of South Africa
SARS	South African Revenue Services
GRAP	Generally Recognised Accounting Practice
SALGA	South African Bargaining Council
CPI	Consumer Price Index
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
WSIG	Water Services Infrastructure Grants
ME's	Municipal Entities
ABSA	Amalgamated Bank of South Africa
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement Grants
VAT	Value Added Tax

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

'Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, she sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

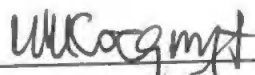
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is not dependent on the Government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Due to COVID 19 National Treasury has issued an extension for the submission of Annual Financial statement as per MFMA Circular 104 - Extension to timeline for submission of Annual Financial Statements, Annual Reports, Audits and Related matters in terms of the MFMA.

The financial statements set out on pages 6 to 86, which have been prepared on the going concern basis on 31 October 2020 and were signed by:


Accounting Officer
MM Cocquyt (Acting MM)

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2020.

1. Review of activities

Main business and operations

Net surplus of the municipality was 60 885 780 at 30 June 2020: versus 51 844 820 - at 30 June 2019: -.

2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently comply with Constitution.

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligation every year and has therefore created a constructive obligation. Part of the grants tabled above has already been paid in July 2020 (Equitable Shares)

The outbreak of COVID - 19 which was declared an epidemic by the World Health Organisation and following that, the South African Government declared a nationwide lockdown. In spite of the COVID - 19 outbreak, the municipality will continue as a going concern as it is part of the institution that supply critical services to the communities it serves. The President of South Africa also pledged support for all institutions that supply critical services and a fund has also been set up to support these institutions. Unemployment Insurance Funds (UIF) will also be used to support salaries during this period. The municipality has also received their grants (Equitable Shares) and they will continue to receive grants in the foreseeable future.

3. Subsequent events

Due to COVID 19 there has been a decrease in service charges consumption billed especially electricity due to the closure of most businesses during lockdown. The municipality has not charged interest on late payment for the period of six months effective from April 2020 to September 2020, thus loss of revenue on interest that was already budgeted for.

4. Accounting policies

The financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Corporate governance

General

The Council retains full control over the municipality, its plans and strategy. The council acknowledges its responsibility as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication internally and externally by the municipality.

Remuneration

The remuneration of the Accounting Officer and Section 56 managers are determined by the Upper Limits for senior managers.

Internal audit

The municipality has an independent internal audit unit. This is in compliance with the Municipal Finance Management Act, 2003.

6. Bankers

The municipality has its primary bank account with ABSA Bank Limited.

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Financial Statements for the year ended 30 June 2020

Accounting Officer's Report

7. Auditors

Auditor General of South Africa

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	9	1 515 692	1 350 462
Receivables from non-exchange transactions	10	91 297 052	71 716 288
Receivables from exchange transactions	11	178 003 425	140 106 959
Debt Arrangement	6	7 525 829	5 980 441
Sundry Deposit	7	59 740	59 740
Other Receivables from non - exchange transactions	8	9 273 266	8 920 995
Cash and cash equivalents	12	84 516 211	41 800 481
		372 191 215	269 935 366
Non-Current Assets			
Property, plant and equipment	3	1 433 316 950	1 481 441 007
Intangible assets	4	978 289	1 325 257
Heritage assets	5	77 000	77 000
Debt Arrangement	6	300 527	268 766
		1 434 672 766	1 483 112 030
Total Assets		1 806 863 981	1 753 047 396
Liabilities			
Current Liabilities			
Other financial liabilities	15	585 776	536 713
Finance lease obligation	13	5 473 140	5 688 009
Payables from exchange transactions	18	75 788 613	86 110 859
VAT payable	19	8 771 005	6 279 013
Consumer deposits	20	11 565 425	11 199 767
Unspent conditional grants and receipts	14	42 848 905	28 958 011
Provisions for Employee benefits	16	3 459 000	2 769 812
		149 491 864	141 542 184
Non-Current Liabilities			
Other financial liabilities	15	1 389 107	1 974 883
Finance lease obligation	13	61 312 139	67 797 184
Provisions for Employee benefits	16	63 186 000	64 718 432
Provision For Landfill	17	36 823 608	43 239 232
		162 710 854	177 729 731
Total Liabilities		312 202 718	319 271 915
Net Assets		1 494 661 263	1 433 775 481
Accumulated surplus		1 494 661 263	1 433 775 481

* See Note 45

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	256 631 252	257 277 437
Rental of facilities and equipment	23	137 261	203 972
Interest Earned on Outstanding Receivables - Service Charges	56	14 122 850	15 456 862
Licences and permits	55	6 589 534	■ 397 034
Building fees	24	304 697	605 597
Other income	24	2 755 575	3 364 068
Interest Earned - External investments	25	5 775 874	1 993 102
Total revenue from exchange transactions		286 317 043	287 298 072
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	73 517 011	69 711 730
Interest Earned on outstanding Receivables - Property rates	26	6 703 596	■ 085 823
Transfer revenue			
Government Grants and Subsidies	28	221 015 509	202 317 778
Public contributions and donations	29	-	462 375
Fines	49	638 136	676 951
Total revenue from non-exchange transactions		301 874 252	281 254 657
Total revenue	21	588 191 295	568 ■■■ 729
Expenditure			
Employee related costs	30	(191 568 691)	(177 739 618)
Remuneration of councillors	31	(10 922 234)	(10 541 135)
Depreciation and amortisation	3	(88 934 291)	(88 912 451)
Finance costs	32	(20 326 086)	(19 585 407)
Debt Impairment	33	(5 981 825)	(4 682 601)
Inventory Consumed	57	(8 977 186)	(11 966 216)
Bulk purchases	34	(108 262 675)	(112 370 585)
Contracted services	35	(37 241 549)	(46 679 145)
Transfers and Subsidies	27	(191 837)	(398 192)
Operating Expenses	36	(48 753 291)	(47 339 574)
Total expenditure		(521 159 665)	(520 214 924)
Operating surplus		67 031 630	48 337 805
Actuarial gains/losses	16	9 148 052	3 507 015
Transfer of Infrastructure Assets	37	(15 293 902)	-
		(6 145 850)	■ 507 015
Surplus for the year		60 885 780	51 844 ■■■

* See Note 45

LEPHALALE LOCAL MUNICIPALITY

(Registration number LIM362)

Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1 391 249 242	1 391 249 242
Adjustments		
Correction of errors	(9 318 581)	(9 318 581)
Balance at 01 July 2019 as restated*	1 371 930 661	1 371 930 661
Changes in net assets		
Surplus for the year	51 844 820	51 844 820
Total changes	51 844 820	51 844 820
Restated* Balance at 01 July 2019	1 423 775 481	1 423 775 481
Changes in net assets		
Surplus for the year	60 885 780	60 885 780
Total changes	60 885 780	60 885 780
Balance at 30 June 2020	1 484 661 263	1 484 661 263
Note(s)		

* See Note 45

LEPHALALE LOCAL MUNICIPALITY

(Registration number LIM362)

Financial Statements for the year ended 30 June 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Property Rates		54 292 122	55 069 513
Sale of goods and services		251 289 646	265 086 803
Grants		234 906 402	225 706 133
Interest income		5 775 874	1 993 102
Other receipts		304 697	3 969 665
		546 568 741	551 825 216
Payments			
Employee costs		(209 318 795)	(188 419 134)
Suppliers		(204 656 868)	(245 878 993)
Finance costs		(17 884 086)	(17 028 114)
Other payments		(183 504)	(398 190)
Other cash item		-	(237 376)
		(432 043 253)	(451 961 807)
Net cash flows from operating activities	39	114 525 488	99 863 409
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(65 573 130)	(60 929 253)
Cash flows from financing activities			
Repayment of other financial liabilities		(536 713)	(503 539)
Finance lease payments		(5 699 915)	(7 015 684)
Net cash flows from financing activities		(6 236 628)	(7 519 223)
Net increase/(decrease) in cash and cash equivalents		42 715 730	31 414 111
Cash and cash equivalents at the beginning of the year		41 800 481	10 385 548
Cash and cash equivalents at the end of the year	12	84 516 211	41 800 481

* See Note 45

LEPHALALE LOCAL MUNICIPALITY

(Registration number LIM362)

Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	269 863 000	14 639 000	284 502 000	256 631 252	(27 870 748)	A1
Rental of facilities and equipment	294 000	-	294 000	137 261	(156 739)	A2
Interest received (trading)	24 052 000	-	24 052 000	14 122 850	(9 929 150)	A3
Licences and permits	9 778 000	-	9 778 000	6 589 534	(3 188 466)	A4
Building Fees	631 499	-	631 499	304 697	(326 802)	A5
Other income	17 104 501	(3 812 000)	13 292 501	2 755 575	(10 536 926)	A6
Interest received - investment	1 511 000	2 000 000	3 511 000	5 775 874	2 264 874	A7
Total revenue from exchange transactions	323 234 000	12 827 000	336 061 000	286 317 043	(49 743 957)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	57 093 000	4 907 000	62 000 000	73 517 011	11 517 011	A8
Property rates - penalties imposed	7 000 000	-	7 000 000	6 703 596	(296 404)	A10
Transfer revenue						
Government grants & subsidies	234 444 000	27 998 000	262 442 000	221 015 509	(41 426 491)	A9
Fines, Penalties and Forfeits	453 000	200 000	653 000	638 136	(14 864)	A11
Total revenue from non-exchange transactions	298 990 000	33 105 000	332 095 000	301 874 252	(30 220 748)	
Total revenue	622 224 000	45 932 000	668 156 000	588 191 295	(79 964 705)	
Expenditure						
Personnel	(199 918 000)	7 018 000	(192 900 000)	(191 568 691)	1 331 309	A12
Remuneration of councillors	(10 390 000)	-	(10 390 000)	(10 922 234)	(532 234)	
Depreciation and amortisation	(85 535 000)	-	(85 535 000)	(88 934 291)	(3 399 291)	A13
Finance costs	(17 708 000)	12 000	(17 696 000)	(20 326 086)	(2 630 086)	A14
Debt Impairment	(7 905 000)	-	(7 905 000)	(5 981 825)	1 923 175	A15
Collection costs	(1 656 000)	-	(1 656 000)	(2 522 079)	(866 079)	A16
Inventory Consumed (Repairs and maintenance)	(22 902 686)	(5 655 252)	(28 557 938)	(8 977 186)	19 580 752	A17
Bulk purchases	(153 318 000)	25 000 000	(128 318 000)	(108 262 675)	20 055 325	A18
Contracted Services	(25 347 000)	(5 729 000)	(31 076 000)	(34 719 470)	(3 643 470)	A19
Transfers and Subsidies	(800 000)	(36 000)	(836 000)	(191 837)	644 163	A20
Operating Expenses (General)	(51 156 252)	(1 682 748)	(52 839 000)	(48 753 291)	4 085 709	A21
Total expenditure	(576 221 938)	18 927 000	(557 294 938)	(521 159 665)	36 135 273	
Operating surplus	45 588 062	64 859 000	110 447 062	67 031 630	(43 415 432)	
Loss on disposal of assets and liabilities	-	-	-	(15 293 902)	(15 293 902)	
Actuarial gains/losses	-	-	-	9 148 052	9 148 052	
	-	-	-	(6 145 850)	(6 145 850)	
Surplus before taxation	45 588 062	64 859 000	110 447 062	60 885 780	(49 561 282)	

LEPHALALE LOCAL MUNICIPALITY

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	45 588 062	64 859 000	110 447 062	60 885 780	(49 561 282)	

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	-	1 500 000	1 500 000	1 515 692	15 692	
Receivables from non-exchange transactions	-	-	-	91 297 052	91 297 052	
Consumer debtors	182 884 000	11 983 000	194 867 000	178 003 425	(16 863 575)	
Debt Arrangement	-	-	-	7 525 829	7 525 829	
Sundry Deposit	-	-	-	59 740	59 740	
Other Receivables from non-exchange transactions	26 214 000	-	26 214 000	9 273 266	(16 940 734)	
Cash and cash equivalents	17 517 000	49 378 000	66 895 000	84 516 211	17 621 211	
	226 615 000	62 861 000	289 476 000	372 191 215	82 715 215	

Non-Current Assets

Property, plant and equipment	1 510 917 000	(39 067 000)	1 471 850 000	1 433 316 950	(38 533 050)	
Intangible assets	1 058 000	265 000	1 323 000	978 289	(344 711)	
Heritage assets	-	77 000	77 000	77 000	-	
Debt Arrangement	303 000	-	303 000	300 527	(2 473)	
	1 512 278 000	(38 725 000)	1 473 553 000	1 434 672 766	(38 880 234)	
Total Assets	1 738 893 000	24 136 000	1 763 029 000	1 806 863 981	43 834 981	

Liabilities

Current Liabilities

Other financial liabilities	-	-	-	585 776	585 776	
Finance lease obligation	7 508 000	-	7 508 000	6 473 140	(1 034 860)	
Payables from exchange transactions	99 122 000	(12 013 000)	87 109 000	75 788 613	(11 320 387)	
VAT payable	-	-	-	8 771 005	8 771 005	
Consumer deposits	11 723 000	-	11 723 000	11 565 425	(157 575)	
Unspent conditional grants and receipts	-	-	-	42 848 905	42 848 905	
Provisions for Employee benefits	3 428 000	-	3 428 000	3 459 000	31 000	
	121 781 000	(12 013 000)	109 768 000	149 491 864	39 723 864	

Non-Current Liabilities

Other financial liabilities	6 008 000	-	6 008 000	1 389 107	(4 618 893)	
Finance lease obligation	70 000 000	(6 236 000)	63 764 000	61 312 139	(2 451 861)	
Provisions for Employee benefits	63 000 000	(6 256 000)	56 744 000	63 186 000	6 442 000	
Provision For Landfill	21 991 000	-	21 991 000	36 823 608	14 832 608	
	160 999 000	(12 492 000)	148 507 000	162 710 854	14 203 854	
Total Liabilities	282 780 000	(24 505 000)	258 275 000	312 202 718	53 927 718	
Net Assets	1 456 113 000	22 641 000	1 504 754 000	1 494 661 263	(10 092 737)	

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Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 456 113 000	48 641 000	1 504 754 000	1 494 661 263	(10 092 737)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	51 384 000	4 416 000	55 800 000	54 292 122	(1 507 878)	
Sale of goods and services	244 957 000	11 096 000	256 053 000	251 289 646	(4 763 354)	
Grants	234 444 000	27 998 000	262 442 000	234 906 402	(27 535 598)	
Interest income	11 511 000	6 000 000	17 511 000	5 775 874	(11 735 126)	
Other receipts	25 745 000	(5 000 000)	20 745 000	304 697	(20 440 303)	
	568 041 000	44 510 000	612 551 000	546 568 741	(65 982 259)	
Payments						
Employee costs	(210 308 000)	7 018 000	(203 290 000)	(209 318 795)	(6 028 795)	
Suppliers	(254 344 000)	47 042 000	(207 302 000)	(204 656 868)	2 645 132	
Finance costs	(17 708 000)	-	(17 708 000)	(17 884 086)	(176 086)	
Other payments	(800 000)	(100 000)	(900 000)	(183 504)	716 496	
	(483 160 000)	53 960 000	(429 200 000)	(432 043 253)	(2 843 253)	
Net cash flows from operating activities	84 881 000	98 470 000	183 351 000	114 525 488	(68 825 512)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(97 568 000)	(48 436 000)	(146 004 000)	(65 573 130)	80 430 870	
Proceeds from sale of property, plant and equipment	26 000 000	(26 000 000)	-	-	-	
Net cash flows from investing activities	(71 568 000)	(74 436 000)	(146 004 000)	(65 573 130)	80 430 870	
Cash flows from financing activities						
Repayment of other financial liabilities	(6 181 000)	(44 000)	(6 225 000)	(536 713)	5 688 287	
Finance lease payments	-	-	-	(5 699 915)	(5 699 915)	
Net cash flows from financing activities	(6 181 000)	(44 000)	(6 225 000)	(6 236 628)	(11 628)	
Net increase/(decrease) in cash and cash equivalents	7 132 000	23 990 000	31 122 000	42 715 730	11 593 730	
Cash and cash equivalents at the beginning of the year	10 385 000	-	10 385 000	41 800 481	31 415 481	
Cash and cash equivalents at the end of the year	17 517 000	23 990 000	41 507 000	84 516 211	43 009 211	
Reconciliation						

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1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

Basis of Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

When the final accounts have been closed, any transactions that occurs in respect of a prior period, is considered by management individually and collectively for materiality and the annual financial statement are amended with transactions that are material in amount or by nature.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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1.4 Significant judgements and sources of estimation uncertainty (continued)

Available-for-sale financial assets

The municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the municipality would suffer an additional surplus of - in its 2020 financial statements, being a reclassification adjustment of the fair value adjustments previously recognised in other comprehensive income and accumulated in equity on the impaired available-for-sale financial assets to surplus or deficit.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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1.4 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Initial Recognition Measurement

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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Accounting Policies

1.5 Property, plant and equipment (continued)

Major inspection costs which are ■ condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection ■■ derecognised.

Subsequent Measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, unless ■ specific decision has been taken to revalue a certain class of assets and in such instance the PPE will be valued using the revaluation model.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	25-30
▪ Mobile Homes		05-10
▪ Caravans		05-10
▪ Residence		25-30
Furniture and fixtures	Straight line	05-08
Motor vehicles	Straight line	05-08
Office equipment	Straight line	03-05
Computer software	Straight line	05-08
Other Buildings	Straight line	
▪ Library		25-30
Community	Straight line	
▪ Building		25-30
• Recreational Facility		25-30
▪ Halls		25-30
Other property, plant and equipment	Straight line	10-15
Park facilities	Straight line	25-30
Vehicles	Straight line	
• Specialised		10-15
Plant and Equipment	Straight line	
• Specialised		10-15
Landfill site	Straight line	
▪ Building		30-50
• Weighbridge		15-40
▪ Site		10-25
Roads	Straight line	
▪ Kerb and Channels		40-50
▪ Municipal Roads - Asphalt		10-20
▪ Gravel surface		03-10
Wastewater network	Straight line	
▪ Pumpstation		30-55
Water network	Straight line	
▪ Pumpstations		30-50
• Reservoirs		30-30
▪ Supply/Reticulation		20-50

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1.5 Property, plant and equipment (continued)

Electricity	Straight line	
▪ Lines - Underground		25-45
▪ Lines - Overhead		20-30
▪ Substations - Switchgear		20-30
Pedestrian Footpaths	Straight line	
▪ Footpaths		15-30
▪ Street Lighting		25-40
▪ Traffic Lights		15-20

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

1.6 Landfill Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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1.6 Landfill Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if ■ decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - ■ decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Initial Recognition and Measurement

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where ■■ intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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1.7 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation and Impairment

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software and other	Straight line	5-8

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.8 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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Accounting Policies

1.8 Heritage assets (continued)

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of ■ cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of ■ non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Recognition

The municipality recognises a heritage asset ■ an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through ■ non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and ■ financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the ■ of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge ■ obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in ■ specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

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Accounting Policies

1.9 Financial instruments (continued)

- It requires no initial net investment or ■■■ initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or ■ financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of ■ group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is ■ contract that requires the issuer to make specified payments to reimburse the holder for ■ loss it incurs because ■ specified debtor fails to make payment when due in accordance with the original or modified terms of ■ debt instrument.

A financial liability is any liability that is ■ contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that ■■ settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of utilised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

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1.9 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have ■ quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that ■■ designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of ■ recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments ■ cost.

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1.9 Financial instruments (continued)

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated ■ at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Class	Category
Loan1	Financial asset measured at amortised cost
Loan2	Financial asset measured at amortised cost
Loan3	Financial asset measured at amortised cost
Other receivables1	Financial asset measured at amortised cost
Other receivables2	Financial asset measured at amortised cost
Other financial asset1	Financial asset measured at fair value
Other financial asset2	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan1	Financial liability measured at amortised cost
Loan2	Financial liability measured at amortised cost
Loan3	Financial liability measured at amortised cost
Other receivables1	Financial liability measured at amortised cost
Other receivables2	Financial liability measured at amortised cost
Other financial liability1	Financial liability measured at fair value
Other financial liability2	Financial liability measured at fair value

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Residual interest1	Measured at fair value
Residual interest2	Measured at cost

Initial recognition

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified ■ available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

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1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method..

Receivables from exchange transactions

Trade receivables are measured at initial recognition ■ fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts ■■ recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off ■■ credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Trade payables ■■ initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and demand deposits. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these ■■■ measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount ■■ be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified ■■ held to maturity..

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1.10 Value Added Tax

Value Added Tax

The Municipality accounts for VAT on a payment basis as per Sec 15 of the VAT Act. Even though the Municipality has registered for VAT on payment basis to SARS, the annual financial statements have been prepared on an accrual basis of accounting and as a result VAT is accounted for on accrual basis in the annual financial statements.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease (prime interest rate where the lease is not specific).

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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1.12 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of cash-generating assets

Cash-generating assets are those assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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1.13 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in ■ the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless ■ longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on ■ systematic basis over its remaining useful life.

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1.13 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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1.14 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of ■ non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

Identification

When the carrying amount of ■ non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of ■ revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for ■■ impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on ■ systematic basis over its remaining useful life.

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1.14 Impairment of non-cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- The entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from the entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.15 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, ■ reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences ■■ the additional amount that the entity expects to pay ■■ a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has ■ present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to ■ defined contribution plan in exchange for that service:

- ■ a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as ■ expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by the entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse ■ for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of ■ defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits ■ introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of ■ defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to ■ constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of ■ constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of ■ minimum funding requirement

The amount determined as ■ defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using ■ discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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Accounting Policies

1.15 Employee benefits (continued)

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and ■■ any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known ■■ the accrued benefit method pro-rated on service or ■■ the benefit/years of service method) sees each period of service ■■ giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, ■■ entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations ■■ conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on ■■ curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of ■■ curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle ■■ defined benefit obligation, the right to reimbursement is recognised ■■ a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to ■■ defined benefit plan is [OR is not] presented as the net of the amount recognised for ■■ reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on ■■ net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions ■■■ unbiased and mutually compatible.

Financial assumptions ■■■ based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under ■ defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations ■■■ to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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Accounting Policies

1.15 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as ■ result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to ■ termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan ■■■ not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using ■■■ appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation ■■ ■ result of ■ past event;
- ■ is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle ■ provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, ■ is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as ■ provision.

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1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when ■ entity:

- has ■ detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is ■ binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured ■ the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is ■ firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where ■ fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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Accounting Policies

1.18 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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Accounting Policies

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions ■■■ transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system ■■■ amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, ■■ determined by ■ court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions ■■■ transactions that ■■■ not exchange transactions. In ■ non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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1.19 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition of an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.12, 1.13 and 1.14. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in AFS is amended are also reclassified and restated, unless such reclassification or restatement is not required by GRAP standards. The nature and reason for such reclassification and restatement are also disclosed. The presentation and classification of items in the current year is consistent with prior periods

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1.26 Budget information (continued)

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.29 Consumer Deposit

The consumer deposit pertains to cash received from the consumers when they open the service accounts and for builders' deposit.

Initial measurement

The deposit is recognized when the consumer account(s) and when the owner applies for construction on their erf, and the transactions are recognized as a liability on the financial statements

Subsequent measurement

The deposit can be increase on the account when the consumer applies for an additional service and the amount will be recognized as liability. The deposit received is recorded in the vote for consumer deposit and it is kept at the original amount received.

Derecognition Criteria

The deposit gets appropriated to the consumer account when the service account is finally terminated. The builders' deposit is refundable when the construction is completed without contravention of any the relevant legislation

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

1. GRAP 20 - Related Parties Effective date 01 April 2019
2. GRAP 18 - Interpretation of the standard of GRAP on recognition and derecognition of Land - Effective date 01 April 2019
3. GRAP 19 - Liabilities to pay levies Effective 01 April 2019

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

1. IGRAP 1 - Applying the probability test on initial recognition of revenue
2. IGRAP 2 - Change in existing decommissioning, restoration and similar liabilities
3. GRAP 104 (Amended) - Financial Instrument

2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods but not relevant to its operations:

3. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	70 972 003	-	70 972 003	70 972 003	-	70 972 003
Buildings	26 384 032	(15 755 289)	10 628 743	25 962 432	(14 903 599)	11 058 833
Infrastructure	1 775 691 510	(750 859 782)	1 024 831 728	1 775 271 012	(675 307 739)	1 099 963 273
Community	125 036 202	(28 127 698)	96 908 504	134 704 658	(23 473 564)	111 231 094
Other property, plant and equipment	86 882 190	(59 909 229)	26 972 961	81 187 767	(54 476 861)	26 710 906
Work in progress	178 270 015	-	178 270 015	135 470 113	-	135 470 113
Other leased Assets - Smart Meters	32 455 808	(7 722 812)	24 732 996	32 455 808	(6 421 023)	26 034 785
Total	2 295 331 760	(862 374 810)	1 433 316 950	256 023 793	(774 582 786)	1 481 441 007

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	70 972 003	-	-	-	-	-	70 972
Buildings	11 058 833	421 602	-	-	(811 906)	(39 786)	10 628
Infrastructure	1 099 963 273	420 500	-	-	(74 307 241)	(1 244 804)	1 024 831
Community	111 231 094	-	-	(9 850 352)	(4 393 685)	(78 553)	96 908
Other property, plant and equipment	26 710 906	5 670 334	-	-	(4 294 946)	(1 113 333)	26 972
Work in Progress	135 470 113	59 060 694	(15 293 902)	-	-	(966 890)	178 270
Other Finance leased (smart metres)	26 034 785	-	-	-	(1 301 789)	-	24 732
	1 481 441 007	65 573 130	(15 293 902)	(9 850 352)	(85 109 567)	(3 443 366)	1 433 316

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss
Land	70 972 003	-	-	-	-	-	-
Buildings	11 870 978	-	-	-	-	(812 145)	-
Infrastructure	1 102 199 786	-	74 012 091	-	-	(73 742 429)	(2 506)
Community	115 824 984	-	-	-	(67 912)	(4 525 978)	-
Other property, plant and equipment	32 327 700	227 804	-	-	-	(4 055 581)	(1 789)
Work in progress	156 609 612	52 881 643	-	(74 021 142)	-	-	-
Other leased Assets - Smart Meters	26 997 688	329 034	-	-	-	(1 291 937)	-
	1 516 802 751	53 481	74 012 091	(74 021 142)	(67 912)	(84 428 070)	(4 295)

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3. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Community Assets	628 863	10 326
Furniture and Fittings	398 015	274 581
Infrastructure	6 393 903	267 556
Motor Vehicles	5 095 226	4 194 680
Plant and Equipment	71 223	778 008
	12 587 230	14 525 151

4. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 262 760	(1 284 471)	978 289	2 262 760	(937 503)	1 325 257

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer Software	1 325 257	(346 968)	978 289

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer Software	844 562	699 883	(219 188)	1 325 257

Other information

The intangible assets additions was funded by municipalities own funding.

5. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	77 000	-	77 000	77 000	-	77 000

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5. Heritage assets (continued)

Change in accounting estimate

[Disclose the nature and effect of a change in an accounting estimate in the current period or subsequent periods]

The nature and effect of change(s) in an accounting estimate(s) is as follows:

(Insert text)

6. Debt Arrangement

Payment arrangements entered between consumers and the Municipality in which consumers undertake to settle their outstanding debts over specific period per the Credit Control and Debt Collection policy.

Debt Arrangement	7 826 356	6 249 207
Short Term Portion	(7 525 829)	(5 980 441)
Long-term Portion	300 527	268 766

7. Sundry Deposit

Deposit Paid to Eskom	59 740	59 740
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Deposits paid to Eskom .

8. Other Receivables from non - Exchange transactions

Traffic Fines	3 799 615	3 348 840
Other Receivables	7 614 949	7 614 949
Less: Impairment - Traffic Fines	(2 141 298)	(2 042 792)
	9 273 266	8 920 997

Age Analysis - Traffic Fines

Current (0 - 30 Days)	7 800	7 951
31 - 60 Days	7 650	7 798
61 - 90 Days	28 600	29 153
91 - 120 Days	28 500	29 050
121 - 365 Days	52 200	53 208
> 365 Days	3 674 866	3 221 680
	3 799 616	3 348 840

9. Inventories

Consumable stores	368 056	386 462
Maintenance materials	441 667	600 712
Spare parts	662 499	329 056
Water	43 470	34 232
	1 515 692	1 350 462

10. Receivables from non-exchange transactions

Gross balance	121 470 910	99 914 566
Less: Allowance for Impairment	(30 173 858)	(28 198 278)
	91 297 052	71 716 288

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10. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions - Age analysis

Rates

Current (0 - 30 Days)	31 873 295	28 559 460
31 - 60 Days	4 376 360	3 232 739
61 - 90 Days	2 546 137	1 880 786
91 - 120 Days	2 269 501	1 676 440
121 - 365 Days	9 233 761	6 411 206
> 365 Days	40 997 998	29 955 657
	91 297 052	71 716 288

Summary of debtors by Customer Classification

Consumers

Current (0 - 30 Days)	19 072 776	15 169 277
31 - 60 Days	3 995 102	3 177 451
61 - 90 Days	2 496 117	1 985 253
91 - 120 Days	2 597 815	2 066 137
121 - 365 Days	■ 296 760	7 394 054
> 365 Days	24 624 242	19 174 953
Less Allowance for Impairment	(20 655 258)	(19 302 891)
	41 427 554	29 664 234

Industrial/Commercial/Agricultural

Current (0 - 30 Days)	4 263 619	3 391 012
31 - 60 Days	1 752 752	1 394 028
61 - 90 Days	1 583 745	1 259 610
91 - 120 Days	1 310 119	1 041 986
121 - 365 Days	4 389 634	3 491 237
> 365 Days	28 090 082	21 987 024
Less Allowance for Impairment	(9 518 600)	(8 895 387)
	31 871 351	23 669 510

National and Provincial Departments

Current (0 - 30 Days)	16 960 985	17 557 651
31 - 60 Days	106 507	84 709
61 - 90 Days	76 146	60 562
91 - 120 Days	75 324	59 908
121 - 365 Days	354 346	281 824
> 365 Days	424 839	337 890
	17 998 147	18 382 544

11. Receivables from exchange transactions

Gross balances

Electricity	66 969 700	60 560 785
Water	84 480 859	64 074 856
Sewerage	35 453 187	35 986 116
Refuse	53 025 861	36 966 019
	239 929 607	197 587 776

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11. Receivables from exchange transactions (continued)

Less: Allowance for impairment

Electricity	(9 943 924)	(13 766 171)
Water	(25 454 469)	(21 147 925)
Sewerage	(6 928 381)	(7 915 970)
Refuse	(19 599 408)	(14 650 751)
	(61 926 182)	(57 480 817)

Net balance

Electricity	57 025 776	46 794 614
Water	59 026 390	42 926 931
Sewerage	28 524 806	28 070 146
Refuse	33 426 453	22 315 268
	178 003 425	140 959 959

Consumer debtors from exchange transactions - Age analysis

Electricity

Current (0 -30 days)	15 986 688	13 571 650
31 - 60 days	■ 974 886	8 071 644
61 - 90 days	■ 943 751	5 618 860
91 - 120 days	■ 494 299	4 445 968
121 - 365 days	13 852 723	11 209 577
> 365 days	4 773 429	3 876 915
	57 025 776	46 794 614

Water

Current (0 -30 days)	12 145 152	9 224 413
31 - 60 days	5 192 415	3 784 043
61 - 90 days	3 496 534	2 548 147
91 - 120 days	2 345 997	1 709 677
121 - 365 days	14 037 099	10 229 727
> 365 days	21 809 193	15 430 924
	59 026 390	42 926 931

Sewerage

Current (0 -30 days)	4 471 242	3 402 030
31 - 60 days	2 572 800	1 957 564
61 - 90 days	2 321 841	1 766 617
91 - 120 days	2 136 570	1 625 650
121 - 365 days	5 251 318	3 995 565
> 365 days	11 771 035	15 322 720
	28 524 806	28 070 146

Refuse

Current (0 -30 days)	10 945 144	9 732 370
31 - 60 days	1 383 060	1 229 810
61 - 90 days	1 840 939	1 636 954
91 - 120 days	1 709 674	1 520 234
121 - 365 days	2 304 850	2 049 462
> 365 days	15 242 786	6 146 438
	33 426 453	■ 315 268

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11. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers

Current (0 -30 days)	30 267 047	25 206 217
31 - 60 days	15 112 488	12 585 590
61 - 90 days	10 340 643	8 611 626
91 - 120 days	15 245 509	12 696 369
121 - 365 days	31 754 057	26 444 590
> 365 days	60 759 462	50 600 119
	163 479 206	136 144 511
Less: Allowance for impairment	(47 729 132)	(44 260 229)
	115 750 074	91 884 282

Industrial/ commercial

Current (0 -30 days)	■ 529 401	7 003 307
31 - 60 days	4 376 816	3 593 709
61 - 90 days	3 469 327	2 848 589
91 - 120 days	3 029 767	2 487 676
121 - 365 days	8 200 256	6 733 053
> 365 days	44 633 526	36 647 623
	72 239 093	59 313 957
Less: Allowance for impairment	(14 197 050)	(13 177 916)
	■ 042 043	46 136 041

National and provincial government

Current (0 -30 days)	1 828 698	1 501 504
31 - 60 days	182 480	149 830
61 - 90 days	163 939	134 607
91 - 120 days	145 455	119 430
121 - 365 days	1 240 949	1 018 916
> 365 days	1 366 873	1 122 310
	4 928 394	4 046 597

Total

Current (0 -30 days)	39 327 607	32 217 994
31 - 60 days	19 671 783	16 329 129
61 - 90 days	13 973 909	11 594 822
91 - 120 days	18 420 730	15 303 475
121 - 365 days	41 195 262	34 196 559
> 365 days	107 340 315	87 945 797
	239 929 606	197 587 776
Less: Allowance for impairment	(61 926 181)	(57 480 817)
	178 ■■ 425	140 106 959

Less: Allowance for impairment

31 - 60 days	(3 259 632)	(3 259 494)
61 - 90 days	(3 408 168)	(3 408 023)
91 - 120 days	(2 561 823)	(2 561 715)
121 - 365 days	(1 278 701)	(1 278 646)
> 365 days	(51 417 858)	(46 972 939)
	(61 926 182)	(57 480 817)

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11. Receivables from exchange transactions (continued)

Total debtor past due but not impaired

31 - 60 days	14 944 466	11 254 968
61 - 90 days	10 854 986	■ 175 101
91 - 120 days	14 329 452	10 791 789
121 - 365 days	20 608 224	15 520 454
> 365 days	61 003 956	45 943 266
	121 741 084	91 685 578

Reconciliation of allowance for impairment

Balance at beginning of the year	(57 480 817)	(58 368 316)
Contributions to allowance	(4 445 365)	887 499
	(61 926 182)	(57 480 817)

12. Cash and cash equivalents

The municipality is banking with ABSA Bank. Cash and cash equivalents consist of:

Cash on hand	17 933	17 000
Bank balances	36 775 838	2 451 370
Short-term deposits	47 658 322	39 332 111
	84 452 093	41 800 481

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

Investments	68 628 058	40 884 825
Cash and Cash Equivalent	25 619 494	3 388 664
	94 247 552	44 273 489

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	■ June 2018	■ June 2020	30 June 2019	30 June ■■■
ABSA BANK - Current Account - 1470000038	25 619 494	3 388 664	4 423 380	36 793 771	2 468 370	443 893
ABSA BANK - Call Account - 4072894439	41 177 832	34 584 425	3 641 255	41 315 457	33 031 711	3 641 255
ABSA BANK - Fixed Deposit Account - 2069158294	6 300 400	■ 300 400	■ 300 400	■ 300 400	6 300 400	6 300 400
ABSA BANK - Account Type - 4096797833	1 000	-	-	25 732	-	-
FNB BANK - Account Type - 62818028484	21 132 093	-	-	-	-	-
ABSA BANK - Account Type - 4097484845	16 733	-	-	16 733	-	-
Total	94 247 ■■	44 273 ■■	14 365 035	84 452 093	41 800 481	10 385 548

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Figures in Rand	2020	2019
13. Finance lease obligation		
Minimum lease payments due		
- within one year	14 910 084	14 910 084
- in second to fifth year inclusive	59 640 336	59 640 336
- later than five years	28 565 759	43 487 745
	103 116 179	118 038 165
less: future finance charges	(35 330 900)	(44 552 972)
Present value of minimum lease payments	67 785 279	73 485 193
Present value of minimum lease payments due		
- within one year	6 473 139	5 688 010
- in second to fifth year inclusive	36 148 389	31 763 934
- later than five years	25 163 751	36 033 249
	67 785 279	73 485 193
Non-current liabilities	61 312 139	67 797 184
Current liabilities	6 473 140	5 688 009
	67 785 279	73 485 193

Finance lease payments represents capital redemption payable by the Municipality for Zeeland water treatment works. The Municipality entered into a contract with Exxaro for the construction of the water treatment plant on finance lease basis which is repayable over 15 years at a fixed interest rate of 13%.

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

EXXARO	657 896	657 896
Municipal Infrastructure Grant	10 585 571	6 445 479
Department of water and sanitation	31 368 661	20 898 788
Department of local government and housing	236 777	236 777
Electrification Grants	-	719 071
	42 848 905	28 958 011

Movement during the year

Balance at the beginning of the year	28 958 011	5 569 656
Additions during the year	86 750 000	95 180 112
Income recognition during the year	(72 859 106)	(71 791 757)
	42 848 905	28 958 011

See note for reconciliation of grants from National/Provincial Government.

15. Other Financial Liabilities

At amortised cost

DBSA Loan	1 974 883	2 511 596
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DBSA at amortised cost. The interest rate of 8.83% and quarterly repayment. Settlement date 31 March 2023

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15. Other Financial Liabilities (continued)		
Non-current liabilities		
At amortised cost	1 389 107	1 974 883
Current liabilities		
At amortised cost	585 776	536 713
16. Provisions for Employee benefits		
Non-current liabilities	63 186 000	64 718 432
Current liabilities	3 459 000	2 769 812
	66 645 000	67 488 244
Defined benefits plan		
Liability as at 1 July	55 306 748	55 237 766
Benefits Paid	(1 797 000)	(1 670 105)
Current Services cost	3 113 181	3 293 833
Interest	5 733 670	5 342 347
Actual losses recognised in statement of financial performance	(7 042 599)	(6 897 043)
	55 314 000	55 306 798
Retirement benefit information		
Liability at 1 July	12 181 446	10 932 203
Benefits Paid	(830 000)	(950 182)
Current Services Cost	1 113 136	1 019 954
Interest	971 821	944 277
Actual gain/ (losses) recognised in statement of financial performance	(2 105 403)	235 194
	11 331 000	12 181 446
Actuarial Gains/Losses		
Actuarial Gains/Losses	■ 148 052	3 507 015

The employees have the option to belong to a Medical Aid. The Municipality has taken a decision to contribute to medical aid of employees after retirement until their death. Non - medical - Employees retiring will receive R1 517.00 a month as contribution to their health.

Principal actuarial assumptions of valuation model used	2020	2019
Discount rate	Yield Curve	10.53%
Health care cost inflation rate	CPI + 1.5%	7.84%

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Notes to the Financial Statements

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17. Provision For Landfill

Non - Current Liability	36 823 608	43 239 232
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The Municipality acquired the landfill site from Exxaro in 2017/2018 FY. The landfill site was registered in the name of the Municipality on 03 November 2017 and is located on the farm, Groothoek 504 portion 1. The Groothoek Landfill Site is a permitted facility in terms of Section 20 of the Environmental Conservation Act 73 of 1989. The expected life span of the span of the site is a further 15 years

Assumption Used:

Accounting Standard GRAP 19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site. The discount rate was deduced from the average of the Zero - Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate at 27 June 2019 this was 9.64% p.a. The consumer price inflation of 6.21 % p.a was obtained from the differential between the averages of the Nominal Bond of 9.27% p.a and the Real Bond 3.23% p.a (Zero Yield Curves) Additional text

18. Payables from exchange transactions

Trade Creditors	16 600 684	29 992 872
Payments received in advanced	19 257 792	17 846 868
Retentions	20 051 045	20 170 784
Accrued leave	13 193 744	12 101 882
Accrued bonus	4 083 495	3 840 412
Other payables	2 601 853	2 158 041
	75 788 613	86 110 859

The fair value of trade and other payables approximates their carrying amounts.

Annual bonuses are paid one year in arrears as the employee completes a full year service. Annual bonuses accrue on monthly basis as the employee continues in employment.

The provision for the bonus is calculated using the basic salary of the employee as at year end and the number of months the bonus accrued since last bonus payment or from employment date for new employee.

19. VAT Payable

VAT Payable	8 771 005	6 279 013
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VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

20. Consumer deposits

Water and Electricity	9 750 297	9 384 639
Other deposits	1 815 128	1 815 128
	11 565 425	11 199 767

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21. Revenue

Service charges	256 631 252	257 277 437
Rental of facilities and equipment	137 261	203 972
Interest Earned - Outstanding Debtors	14 122 850	15 456 862
Licences and permits	6 589 534	8 397 034
Building Fees	304 697	605 597
Other Income	2 755 575	3 364 068
Interest Earned - External Investment	5 775 874	1 993 102
Property Rates	73 517 011	69 711 730
Property rates - penalties imposed	6 703 596	8 085 823
Government Grants & Subsidies	221 015 509	202 317 778
Public Contributions and Donations	-	462 375
Fines, Penalties and Forfeits	638 136	676 951
	588 191 291	568 552 729

The amount included in revenue arising from exchanges of goods ■ services are as follows:

Service charges	256 631 252	257 277 437
Rental of facilities and equipment	137 261	203 972
Interest Earned - Outstanding Debtors	14 122 850	15 456 862
Licences and permits	6 589 534	8 397 034
Building Fees	304 697	605 597
Other income	2 755 575	3 364 068
Interest Earned - External Investment	■ 775 874	1 993 102
	286 317 191	287 ■ 072

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	73 517 011	69 711 730
Property rates - penalties imposed	6 703 596	8 085 823

Transfer revenue

Government grants & subsidies	221 015 509	202 317 778
Public contributions and donations	-	462 375
Fines, Penalties and Forfeits	638 136	676 951
	301 ■ 252	■ 1 ■ 657

22. Service charges

Sale of electricity	174 176 335	179 083 073
Sale of water	47 658 899	45 442 955
Sewerage and sanitation charges	20 779 892	18 693 708
Refuse removal	14 016 126	14 057 701
	256 631 ■	■ 277 437

23. Rental of facilities and equipment

Facilities and equipment

Rental of Municipal Houses	137 261	139 128
Rental of Sports Field	-	50 698
Other Rentals	-	14 146
	137 261	203 972

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24. Other revenue

Building Fees	304 697	605 597
Other income	2 755 575	3 364 068
	■ 060 272	■ 969 665

Building Fees include amount paid for administration of building plans

Other income includes amount paid for sundry, clearance certificates, purchases of tender documents and any other income

25. Interest Earned - External Investment

Interest revenue		
Bank	5 775 874	1 993 102
Interest on Investment	5 584 717	1 869 973
Interest on Current Account	191 157	123 129
	5 775 874	1 993 102

26. Property rates

Rates

Property rates	73 517 011	69 711 730
	73 517 011	69 711 730
Property rates - penalties imposed	6 703 596	■ 085 823
	80 220 607	77 797 553

Valuations

Residential	5 413 827 000	4 238 869 000
Commercial	1 826 309 000	1 182 455 000
State	39 230 000	39 230 000
Municipal	515 984 000	539 064 000
Agricultural	8 382 658 000	8 902 585 000
Sectional Title	998 441 000	994 411 000
Exempted	392 796 000	443 136 000
Other	16 150 000	16 150 000
	17 585 395 000	16 355 900 000

Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2013.

Interim valuations are processed on ■ monthly basis to take into account changes in individual property values due to alterations and subdivisions. The previous valuation roll ■■■ extended by the MEC as per MPRA for two year.

A different rate is applied to property valuations to determine assessment rates. Rebates of R 30 000 is granted to each residential property owners.

Rates are levied on an annual basis with the final date for payment being 30 June of each financial year. Interest at 18% per annum is levied on annual rates one month after the due date for payment.

27. Grants and subsidies paid

Other subsidies		
Grants and subsidies paid	191 837	398 192

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28. Government grants and subsidies		
Operating grants		
Equitable share	147 694 000	130 526 026
Municipal Infrastructure Grant	39 502 908	44 354 515
Department of Water and Sanitation	29 191 128	7 730 146
Expanded Public Works Programme	1 407 000	2 014 000
Financial Management Grant	1 700 000	1 700 000
Local Government SETA	503 402	153 112
Covid 19 Grant	298 000	-
Electrification Grants	719 071	15 293 929
Department of Local Government and Housing	-	546 050
	221 015 509	202 317 778

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	95 180 112	225 706 138
Unconditional grants received	147 355 000	130 526 026
	242 535 112	356 232 164

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of 6kl of water and 50KWH of electricity which is funded from the grant..

EXXARO

Balance unspent at beginning of year	657 896	657 896
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Conditions still to be met - remain liabilities (see note 14).

The grant was received from EXXARO assisting municipality to build hawkers stalls.

Finance Management Grant

Current-year receipts	1 700 000	1 700 000
Conditions met - transferred to revenue	(1 700 000)	(1 700 000)
	-	-

Conditions have been met .

Municipal Infrastructure Grant

Balance unspent at beginning of year	6 445 479	-
Current-year receipts	43 643 000	50 800 000
Conditions met - transferred to revenue	(39 502 908)	(44 354 521)
	10 585 571	6 445 479

Conditions have been met.

Local Government SETA

Current-year receipts	503 402	153 112
Conditions met - transferred to revenue	(503 402)	(153 112)

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Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
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28. Government grants and subsidies (continued)

	-	-
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This grant is received from local government for skills development subsidy.

Extended Public Works Programme

Current-year receipts	1 407 000	2 014 000
Conditions met - transferred to revenue	(1 407 000)	(2 014 000)
	-	-

Waterberg District Municipality Grant

Conditions has been met.

Department of Water and Sanitation

Balance unspent at beginning of year	20 898 788	4 128 934
Current-year receipts	40 000 000	24 500 000
Conditions met - transferred to revenue	(29 191 127)	(7 730 146)
Referred back to National Revenue Fund	(339 000)	-
	31 368 661	898 788

Conditions still to be met - remain liabilities (see note 14).

This Grant is used to fund Municipal infrastructure water Projects

Department of local government and housing

Balance unspent at beginning of year	236 777	782 826
Conditions met - transferred to revenue	-	(546 049)
	236 777	236 777

Conditions still to be met - remain liabilities (see note 14).

Electrification Grant

Balance unspent at beginning of year	719 071	-
Current-year receipts	-	16 013 000
Conditions met - transferred to revenue	(719 071)	(15 293 929)
	-	719 071

Conditions still to be met - remain liabilities (see note 14).

This Grant is used for electrification projects to provide basic services for the benefits of poor household

Covid 19 Grant

Current-year receipts	298 000	-
Conditions met - transferred to revenue	(298 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 14).

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Notes to the Financial Statements

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28. Government grants and subsidies (continued)

Provide explanations of conditions still to be met and other relevant information.

29. Public contributions and donations

Public contributions - Unconditional	-	462 375
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30. Employee related costs		
Basic	107 585 011	100 478 254
Bonus	8 966 909	■ 494 091
Medical aid - company contributions	9 464 759	■ 630 783
UIF	788 526	790 651
Leave pay provision charge	7 826 569	6 380 065
Defined contribution plans	23 381 036	21 930 649
Travel, motor car, accommodation, subsistence and other allowances	10 603 808	10 260 185
Overtime payments	14 909 500	11 619 030
Standby Allowances	2 038 513	1 737 632
Housing benefits and allowances	349 219	327 618
Phone Allowances	1 214 969	1 186 154
	187 128 819	171 835 112

Remuneration of Municipal Manager

Annual Remuneration	-	1 108 146
Car Allowance	-	113 242
Contributions to UIF, Medical and Pension Funds	-	239 586
Other	-	(130 362)
	-	■ 330 612

Mrs EM Tukakgomo contract was terminated in May 2019 and Mrs Cocquyt appointed as the Acting Municipal Manager. The acting allowance paid is R 234 765.02.

Remuneration of Chief Finance Officer

Annual Remuneration	65 574	612 073
Car Allowance	11 870	151 332
Contributions to UIF, Medical and Pension Funds	16 461	165 563
Other	14 739	41 078
	108 644	970 ■

Mr Mabu Manaka was appointed as Acting Chief Financial Officer from 01 December 2018 till 31 January 2020. The acting allowance paid is R 137 109.02. Mr Sakkie Jooste was appointed as Acting CFO from 01 Feb 2020 till 31 May 2020 and was paid acting allowance of R49 649.69. Miss LM Matlwa was then appointed from 01 June 2020

Executive Manager Strategic Support Services

Annual Remuneration	250 331	-
Car Allowance	46 919	-
Bonuses	34 104	-
Contributions to UIF, Medical and Pension Funds	72 209	-
Other	597	-
	404 160	-

Mr MG Makgamatha was appointed as Executive Manager Strategic with effect from 01st March 2020.

Executive Manager Development Planning

Annual Remuneration	790 772	777 171
Car Allowance	151 429	155 873
Bonuses	78 514	64 685
Contributions to UIF, Medical and Pension Funds	184 163	181 672
Other	82 871	17 920

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30. Employee related costs (continued)

	1 287 749	1 197 321
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Miss BC Radipabe was appointed as Executive Manager Development Planning

Executive Manager Corporate Services

Annual Remuneration	579 223	874 572
Car Allowance	91 491	137 237
Bonuses	44 832	73 418
Contributions to UIF, Medical and Pension Funds	160 344	236 447
Other	28 486	104 041
	904 376	1 425 715

Mr PJ Moaloshi was appointed as Acting Executive Manager Corporate Support Services from 01 March 2020 and was paid acting allowance of R41 581.72.

Executive Manager Social Services

Annual Remuneration	1 266 710	715 008
Car Allowance	114 623	76 824
Contributions to UIF, Medical and Pension Funds	135 226	85 990
Other	218 384	102 990
	1 734 943	980 812

Mrs MM Cocquyt is Executive Manager Social Services

Executive Manager Infrastructure

The position of Executive Manager Infrastructure Services is vacant and Mr R J Ngobeli is appointed as Acting Executive Manager Infrastructure from 01 July till January 2020. The acting allowance paid is R 132 578.49. Mr Mtleni was appointed as Acting Executive Manager Infrastructure from 01 February 2020 till 30 June 2020 and was paid acting allowance of R56 019.82

Reconciliation of Employee Related Cost

Staff	187 128 819	171 835 113
Section 54A and Section 56	4 439 872	5 904 506
	191 568 691	177 739 619

31. Remuneration of Councillors

Remuneration of Councillors	10 922 234	10 541 135
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The Mayor, Speaker, Chief Whip and one Executive Committee Members are fulltime. Each is provided with an office and secretarial support at the cost of the council. The Mayor has use of Council owned vehicle for official duties and has a driver.

32. Finance costs

Interest on external borrowings	20 326 086	19 585 407
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33. Debt impairment

Debt impairment	5 981 825	4 682 601
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Debt impairment relates to impairment of consumer debtors from exchange and non-exchange transactions. See note 10 and 11

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Figures in Rand	2020	2019
34. Bulk purchases		
Electricity	95 326 824	100 336 619
Water	12 935 851	12 033 966
	108 262 675	112 370 585
The Municipality is purchasing bulk water from EXXARO and ESKOM, and bulk electricity from ESKOM		
35. Contracted services		
Other Contracted Services	37 241 549	46 679 145
Consultants and Professional Fees		
Accounting and Auditing	2 930 369	3 000 990
Audit and Risk Committee	297 463	191 043
Valuer	3 015 227	2 284 160
Legal Services	3 990 865	4 181 567
	10 233 924	■ 657 760
Contractors		
Maintenance Services	4 759 333	4 039 516
Prepaid Vendors	8 708 661	14 219 601
Water Tankering	5 202 722	1 752 354
	18 670 716	20 011 471
Outsourced Services		
Security Services	8 107 162	9 616 803
Catering Services	1 123 822	1 205 823
Collection Cost	2 522 079	2 436 736
Cleaning Services	481 445	387 926
	12 234 508	13 647 ■■

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36. OPERATING EXPENSES

Operating Expenses

External Auditors	■ 138 088	4 516 920
Licenses and softwares	3 998 950	3 804 762
Bank Charges	1 161 718	1 753 657
Insurance	2 254 310	2 623 001
Advertising, publicity and Marketing	501 529	389 019
Free Basic Electricity	2 110 302	1 702 791
EPWP Programme	1 241 841	2 534 152
Telecommunications and postal services	3 822 476	2 556 343
Membership and registrations	1 980 593	1 479 705
COIDA Registration	1 562 269	1 255 361
Remunerations of Ward Committee Members	1 448 640	1 396 000
Subsistence and Travelling	1 588 400	2 364 420
Protective Clothing	2 473 606	2 046 945
Tracking Services	303 354	273 807
Municipal Consumption	3 135 642	3 414 397
SALGA Membership	1 575 934	1 884 320
Skills Development Levy	1 864 989	1 601 822
Bursaries	413 040	920 941
Operating Leases	849 909	1 698 161
Seminars, Coferences, Workshop and Training	3 760 722	3 207 164
Fuel	■ 875 168	4 832 460
Compensation for VWC	1 691 811	1 083 426
	48 753 291	47 339 574

37. Transfer of Infrastructure Assets

Electrification Projects	13 090 063	-
VIP Toilets	2 203 839	-
	15 293 902	-

Transfer of Electricity Infrastructure Asset to Eskom refers to the implementation of the electrification grants projects

38. Operating lease

1. EDUSOLUTION BOOK SHOP CC

The municipality entered into a lease contract with EDUSOLUTION BOOK SHOP CC for lease of Photocopy Machines for period of three (3) years which expired on 30 June 2020 and extended till 30 September 2020.

Minimum Photocopy Machine lease payments due

	167 063	431 095
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39. Cash generated from operations

Surplus	60 885 780	51 844 820
Adjustments for:		
Depreciation and amortisation	88 934 291	912 451
Debt impairment	5 981 825	396 911
Movements in provisions	(1 026 114)	(250 515)
Changes in working capital:		
Inventories	(165 230)	(239 307)
Receivables from Exchange Transactions	(30 546 755)	(24 279 944)
Receivables from non-exchange transactions	(19 510 756)	(15 836 124)
Payables from exchange transactions	(22 857 486)	(34 531 325)
VAT	3 279 480	1 981 347
Transfers of Assets	15 293 902	-
Unspent conditional grants and receipts	13 890 893	23 388 355
Consumer deposits	365 658	(523 260)
	114 525 488	99 863 409

40. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At fair value	At amortised cost	Total
Receivables from non-exchange transactions	102 468 822	(28 198 228)	74 270 594
Receivables from Exchange transactions	240 646 692	(61 926 182)	178 720 510
Cash and cash equivalents	75 744 014	-	75 744 014
Other receivables from non exchange transactions	11 456 717	(2 183 452)	9 273 265
Debt Arrangement	7 826 356	-	7 826 356
	438 142 601	(92 307 862)	345 834 739

Financial liabilities

	Over 12 Months	Within 12 Months	Total
Loans	1 389 107	585 776	1 974 883
Finance Lease	61 312 139	6 473 140	67 785 279
Trade and other payables from exchange transactions	-	62 936 543	62 936 543
	62 701 246	69 995 469	132 696 705

2019

Financial assets

	At fair value	At amortised cost	Total
Other receivables from non-exchange transactions	82 958 116	(28 198 278)	54 759 838
Consumer debtors	197 587 776	(57 480 817)	140 106 959
Cash and cash equivalents	41 800 481	-	41 800 481
Residual interest	10 963 789	(2 042 792)	8 920 997
Debt Arrangement	6 249 207	-	6 249 207
	339 559 369	(87 721 887)	251 837 482

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42. Contingencies

CONTINGENT LIABILITIES

KP PAUL, E PAUL VS LEPHALALE LOCAL MUNICIPALITY	227 573	227 573
RINE VHANE CIVIL CONSTRUCTION CC & JOHAN FERDINARD BARNAD / LEPHALALE MUNICIPALITY	6 127 518	6 127 518
JOHAN FERDINARD BARNAD / LEPHALALE MUNICIPALITY	2 600 000	2 600 000
EDWARD JAMES DANIEL DE VILLIERS / LEPHALALE MUNICIPALITY	2 774 200	2 774 200
CHRISTIAAN LOURENS ERASMUS / LEPHALALE MUNICIPALITY	19 808 774	19 808 774
FRENCH RURAL DEVELOPMENT / LEPHALALE LOCAL MUNICIPALITY	34 729 050	34 729 050
MMALEREPO INVESTMENT / LEPHALALE MUNICIPALITY	8 500 000	■ 500 000
MS NM PUDIKABEKWA /LEPHALALE MUNICIPALITY	380 000	380 000
MR MS LANGA/ LEPHALALE MUNICIPALITY	404 909	404 909
MRS. EM TUKAKGOMO/ LEPHALALE MUNICIPALITY	676 925	676 925
TSENTSE MANUFACTURERS CC / LEPHALALE MUNICIPALITY	942 584	942 584
JAN HENDRICK PUTTER/ LEPHALALE MUNICIPALITY	115 000	115 000
JOHANNES MICHEL VAN RHOYEN // LEPHALALE MUNICIPALITY	1 150 000	1 150 000
GG HLONGWANE // LEPHALALE MUNICIPALITY	174 510	174 510
	78 611 043	78 611 043

CONTINGENT ASSETS

LEPHALALE MUNICIPALITY / BLUE HORIZON	11 785 394	11 785 394
LEPHALALE LOCAL MUNICIPALITY / BIG TIME STRATEGIC CONSULTANTS	2 850 000	2 850 000
EM SEEMA / LEPHALALE MUNICIPALITY	22 823	22 823
	14 658 217	14 658 217

CONTINGENT LIABILITIES

The Legal Claims listed are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable. Amount have not been provided in certain cases as the court has not yet determined a value. The claims are divided in the under mentioned groups .

1. K P PAUL AND E PAUL

K P Paul and E Paul are suing the municipality for damages of R227 573. They claim they suffered loss due to the Municipality not supply them with electricity due to infrastructure capacity constraints. The matter has been postponed indefinitely to allow the Attorneys of Council to amend its plea ■ new facts arose after the plea ■ filed.

2. RHINE VHANE CIVIL CONSTRUCTION CC & JOHAN FERDINARD BARNARD

The municipality sold stands in Extension 50 for R1.00 per square meter around 2005, then Council realised that there were some procedural flaws when the stands ■ sold and decided not to proceed with the sale. One of the purchaser Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void and the land reverted back to council.

Rhine Vhane Civil Construction as one of the purchasers which developed in the area are claiming R6 178 518 plus interest as unjust enrichment. The matter is at pleading stage and the parties are currently negotiating settlement.

3. JOHAN FERDINARD BARNARD

The municipality sold stands in Extension 50 for R1.00 per square meter around 2005, then Council realised that there were some procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void and the land reverted back to council.

Johan Ferdinand Barnard as one of the purchasers which developed in the area are claiming R2 600 000 plus Interest as unjust enrichment. The matter is at pleading stage and the parties are currently negotiating settlement.

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42. Contingencies (continued)

4. EDWARD JAMES DANIEL DE VILLIERS

The municipality sold stands in Extension 50 for R1 per square meter around 2005. Then Council realised that there were procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void and the land reverted back to council.

Edward James Daniel De Villiers as one of the purchasers which developed in the area are claiming R2 774 200 and R19 808 774 unjust enrichment. The matter is at pleading stage and the parties are currently negotiating settlement. The estimated financial exposure is R22 582 974 plus Interest .

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42. Contingencies (continued)

5. CHRISTAAN LOURENS ERASMUS

The municipality sold stands in Extension 50 for R1 per square meter around 2005. Then Council realised that there were some procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void and the land reverted back to council.

Christiaan Lourens Erasmus is one of the purchasers which developed in the area are claiming R8 899 716 as unjust enrichment. The matter is at pleading stage and the parties are currently negotiating settlement. The estimated financial exposure is R8 899 716 plus Interest.

6. FRENCH RURAL DEVELOPMENT.

Our Instructions are to rescind default judgement granted against our client and defend the action. We filed application for rescission which is opposed and parties are now trying to settle the matter. The financial exposure is estimated to R300 000.

7. MMALEREPO INVESTMENT

Mmalerepo Investments was one of the service providers that were appointed by the municipality on an as and when required basis for the repair and maintenance of municipal sewer pumps. They were then never given any order with regard to their appointment. They as a result of that issued summons against the municipality in the Polokwane High Court in the amount of R 500 000. The financial exposure is estimated to R8 500 000 plus interest.

8. NM PUDIKABEKWA / LEPHALALE LOCAL MUNICIPALITY

The Municipality disciplined Ms NM Pudikabekwa (former Manager HR) for allegations of misconduct. Ms Pudikabekwa was then found guilty on all of the charges leveled against her and she was ultimately dismissed on 13 September 2019 as a municipal employee. Ms Pudikabekwa then appealed the decision of the disciplinary committee on 25 September 2019. Should Ms Pudikabekwa win the appeal the municipality may be ordered to either reinstate her to her position or alternatively reimburse her. Compensation never exceeds an employee's annual salary so in this instance the possible financial liability at maximum will be Ms Pudikabekwa's annual total cost to the Municipality which is R 348 980.

9. MS LANGA / LEPHALALE LOCAL MUNICIPALITY

The Municipality disciplined Mr. MS Langa (former CFO) for allegations of misconduct. Mr. Langa was then found guilty on all of the charges leveled against him and he was ultimately dismissed on 28 May 2019 as a municipal employee. Mr. Langa then appealed the decision of the disciplinary committee in July 2019. Should Mr. Langa win the appeal the municipality may be ordered to either reinstate him to his position or alternatively reimburse him. Compensation never exceeds an employee's annual salary so in this instance the possible financial liability at maximum will be Mr. Langa's annual total cost to the Municipality which is R 480 000.

10. EM TUKAKGOMO / LEPHALALE LOCAL MUNICIPALITY

The Municipality disciplined Mrs. Tukakgomo (former MM) for allegations of misconduct. Mrs. Tukakgomo was then found guilty on all of the charges leveled against her and she was ultimately dismissed on 28 May 2019 as a municipal employee. Mrs. Tukakgomo then appealed the decision of the disciplinary committee in July 2019. Should Mrs. Tukakgomo win the appeal the municipality may be ordered to either reinstate her to her position or alternatively reimburse her. Compensation never exceeds an employee's annual salary so in this instance the possible financial liability at maximum will be Mrs. Tukakgomo's annual total cost to the Municipality which is R 879 700.

11. TSENTSE MANUFACTURES CC / LEPHALALE LOCAL MUNICIPALITY

In March 2020, Lephalale Municipality received summonses from Tsentse Manufacturers for an outstanding invoice amount of R461 414 in respect of work done and an amount of R481 169,54 which is the 5% retention in respect of the Witpoort RWS and Seleka Extension Phase 5 project on the basis that 100% certificate was signed.

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42. Contingencies (continued)

The Municipality then appointed an attorney from the panel of Attorneys to defend the matter. The attorneys entered appearance to defend because of the work done by the service provider, it was confirmed that only 80% of work was done and that the project has not been completed at 100%. The matter is now at pleading stage where documents are exchanged between the Municipality's attorneys and the service provider's attorneys before a trial date can be issued by the Registrar of the High Court.

12. JAN HENDRICK PUTTER / LEPHALALE LOCAL MUNICIPALITY

In 15 September 2017 the Municipality received summonses from the plaintiff, Mr Jan Hendrick Putter. He was involved in a collision with a Municipal employee who was on duty at the time, and as a result he suffered damages to his vehicle amounting to R 146 598.80. This amount comprised of capital amount of R 101 820.26 and the interest. The process to claim from the Municipality's insurance company was initiated on behalf of the plaintiff as a third party, but the insurance later declined to approve the claim based on prescription as the claim was lodged after the prescribed time.

The Municipality appointed Verveen Attorneys to oppose the matter. They later advised the Municipality that based on the merits of the case, it was advisable to settle the matter out of court to avoid a wasteful expenditure on a matter where the prospects of success are minimal. Negotiations between our attorneys and the plaintiff's attorneys were concluded and the amount for final settlement agreed upon is R115 000.00 which has subsequently been paid to the plaintiff's attorneys.

13. JOHANNES MICHEL VAN RHOoyEN // LEPHALALE MUNICIPALITY

On the 6th May 2020, the Municipality was served with summonses by the sheriff of court on behalf of the plaintiff, Mr. Johannes Michel Van Rhooyen. He was involved in a motorcycle accident at Onverwacht road in Lephalale and is alleging negligence on the part of the Municipality for failure to ensure proper lighting and signage on that road. The plaintiff claims damages in the amount of R 1 150 000.00 ranging from general damages to loss of income.

The Municipality appointed Machaba Incorporated to defend the matter. The intention to enter appearance to defend was filed on the 22nd June 2020.

14. G. G. HLONGWANE // LEPHALALE MUNICIPALITY

Mr. GG Hlongoane was charged amongst others to have registered a new vehicle with registration number YFY622W with 17-01-2018 as the date of liability for first registration instead of 23-11-2017. He further cloned (duplicated) a vehicle with Registration Number BNK090S belonging to Mr. GP Swart. The estimated financial exposure R174 510.00

The disciplinary hearing was concluded and Mr. Hlongoane was dismissed. He lodged an appeal and the appeal hearing was conducted, the chairperson of the appeal hearing confirmed the dismissal sanction.

Contingent Assets

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42. Contingencies (continued)

1. LEPHALALE VS BLUE HORIZON INVESTMENT

Details of the case: Around 2008 the municipality entered into a service level agreement with Blue Horizon Investments whereby the Municipality undertook to provide bulk services to extension 97 whereby Blue Horizon was the owner/developer of the said extension. In exchange for the services, Blue Horizon was to contribute about R9 800 000 towards bulk services, which to date they have failed to pay. Despite the demand by the municipality, Blue Horizon Investments has failed/refused to pay. Council appointed an attorney to claim the money on its behalf. The matter is at pleading stage and the parties are currently negotiating settlement. The estimated financial exposure should be R150 000.00

2. BIG TIME STRATEGIC CONSULTANTS

Lephalale Municipality conducted a forensic investigation through PWC and such forensic report was submitted to the Municipality around March 2016. The report revealed that the Big Time, the company which was appointed to do IT infrastructure review and readiness for the implementation SCOA, was not appointed according to the prescribed methods of appointing service providers and further they did not finish their scope of work according.

The report then recommended that legal action be taken to recover the amount spent on paying Big Time as their payment was irregular. Mohale attorneys were then appointed to institute a legal action against the parties responsible for the irregular expenditure. Summons were issued in the High Court for the amount owed in terms of the contract and default judgement in the amount of R2 850 000 was obtained. the Municipality's attorneys of records executed the judgement by attaching the properties of Big Time but unfortunately the attached properties were not enough to cover the outstanding capital amount and the costs of recovery. The estimated financial exposure should be R3 170 000 (estimated legal cost plus the amount claimed in the Notice of motion by the applicant)

3. Ms EM SEEMA / LEPHALALE MUNICIPALITY

Ms EM Seema was appointed as MPAC coordinator in 2018 and her car allowance was paid on wrong running scheme and as a result she was informed about that in June 2019. She was also informed that the overpayment of the wrong scheme will be stopped effectively from April 2019. Ms Seema was aggrieved by the Municipality's decision and referred the matter to Bargaining Council in August 2019 for unfair Labour Practice. The matter was on the roll in May 2020 and postponed by the Bargaining Council until further notice. The estimated financial exposure R22 822.00

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43. Related parties

Relationships

Accounting Officer	MM Cocquyt
Waterberg District Municipality	
Members of key management	
Chief Financial Officer	LM Matlwa
Executive Manager: Infrastructure	Position Vacant
Executive Manager: Strategic and Support Services	MG Makgamatha
Executive Manager: Corporate and Support Services	Position Vacant
Executive Manager: Planning Development	BC Radipabe
Executive Manager: Social Services	Position Vacant

For the remuneration of the above key Management personnel refer to Employee Related Cost note.

Councillors Remuneration

	SALARY	CELLPHONE	TRAVELLIN	TRAVELLIN	TOTAL PAID
			■	■ SUB	
Clr. MJ Maeko - Mayor	670 388	44 400	223 463	-	938 250
Clr. KR Molokomme - Speaker	536 309	44 400	178 770	55 154	814 632
Clr. WM Motlokwa - Exec Member & Portfolio	502 790	44 400	167 597	26 260	741 047
Chairperson: Governance, Admin and BTO					
Clr. A Thulare - Chief Whip	502 790	44 400	167 597	26 280	741 067
Clr. ML Shongwe - Exec Member & Portfolio	280 491	44 400	93 497	17 220	435 608
Chairperson: Municipal Infrastructure Services					
Clr. AE Basson- Chairperson: Geographical Name	234 932	44 400	78 311	-	357 643
Change Committee					
Clr. MM Semenya - Exec Mem & Portfolio	280 491	44 400	93 497	60 901	479 289
Chairperson : Social Services					
Clr. MJ Marakalala - Chairperson MPAC	272 263	44 400	90 754	7 834	415 251
Clr. NJ Motebele - Chairperson EC	272 263	44 400	90 754	-	407 417
Clr. LF Monare - Chairperson Radical Socio -	272 263	44 400	90 754	9 242	416 659
Economic Transformation Committee					
Clr. LS Manamela - Exec Member & Portfolio	257 712	44 400	85 904	-	388 015
Chairperson Planning & Economic Development					
Services					
Clr. P Molekwa	212 153	44 400	70 718	25 833	353 103
Clr. ME Maisela - Chairperson: Women Caucus -	272 263	44 400	90 754	38 815	446 232
All Women Councillors					
Clr. MJ Selokela - Chairperson Ethics Committee	272 263	44 400	90 754	8 989	416 406
Clr. SM Niewoudt	212 153	44 400	70 718	-	327 270
Clr. RT Modise	212 153	44 400	70 718	16 931	344 201
Clr. R Maropeng	161 154	33 300	53 718	-	248 172
Clr. NH Pienaar	212 153	44 400	70 718	-	327 270
Clr. SL Seabi	212 153	44 400	70 718	26 367	353 637
Clr. Mogohloana	212 153	44 400	70 718	2 347	329 617
Clr. MM Makgae	212 153	44 400	70 718	1 538	328 808
Clr. MF Mashita	212 153	44 400	70 718	-	327 270
Clr. MR Modiba	212 153	44 400	70 718	-	327 270
Clr. ■■■■ Mabasa	212 153	44 400	70 718	11 516	338 786
Clr. ■■■■ Madibana	212 153	44 400	70 718	-	327 270
Clr. KG Mbedzi	212 153	44 400	70 718	1 467	328 739
Subtotal	7 334 208	1 143 300	2 444 740	336 694	11 258 929
	7 334 208	1 143 300	■ 444 740	■ 694	11 258 929

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Waterberg District Municipality	-	3 872
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43. Related parties (continued)

Related party transactions

Rent paid to (received from) related parties

MG Makgamatha	44 856	46 944
BC Radipabe	42 696	42 007
MS Langa	-	21 000
EM Tukakgomo	-	29 177

Services Related Parties

Waterberg District Municipality	-	10 104
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Award to Immediate Family Members of the related parties

Fhisol	3 224 199	138 286
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The Director of Fhisol Company is the son of the Coucillor of Lephalale Local Municipality

44. Change in estimate

Property, plant and equipment

The useful life of Plant and Equipment was estimated to be 10 years in 2010. In the current period management have revised their estimate useful life to 12 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R40 432. -

The useful life of Motor Vehicles was estimated to be 20 years in 2000. In the current period management have revised their estimate useful life to 22 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R2 044.

The useful life of Infrastructure Assets was estimated to be 10 years in 2010. In the current period management have revised their estimate useful life to 12 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R1 079 675.

The useful life of other movables was estimated to be 5 years in 2015. In the current period management have revised their estimate useful life to 07 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R99 909

45. Prior period errors

During the prior year, accounting errors were made with respect to:

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45. Prior period errors (continued)

45.1 PROVISION FOR LANDFILL

-The present value of the provision for landfill site was not correctly determined since the acquisition of the landfill site on the 7th October 2017. During the 2019/2020 financial year, Municipality appointed service provider to determine the correct useful life and present value of the landfill site retrospectively from the acquisition date.

45.2 MARAPONG RESERVIOR

Municipality incorrectly capitalised ■ asset, reservoir that was not in a condition to be used as intended by management upon completion. Assessment of structural integrity of the asset was undertaken and correct amount of impairment ■ determined.

45.3 RECLASSIFICATION ■ PER MSCOA

The following re-statements were made in order to align with Mscoa classification. This is before taking into account the impact of prior period errors above

45.4 CORRECTION OF CREDITORS

During 2018/19 payables from exchange transactions was incorrectly debited with an amount of R1 752 304 instead of receivable from exchange transaction and receivables from non exchange transactions

45.5 CORRECTIONS OF ACCRUAL

Some of the invoices that relates to the services rendered during 2019/20 were erroneously recorded in 2018/19 financial year

45.6 CORRECTION OF ACCRUAL - WATER TANKERING

It ■ discovered that some of the invoices relating to the services that were rendered during 2018/19 were recorded in 2019/20 financial year

45.7 PROPERTY RATES- ALTOODSTYD

The farm Altoostyd was sub - divided into 5025 erfs and were registered with deed office on 5 February 2018. Municipality has not billed this properties for the financial year 2017/2018 and 2018/2019. This therefore resulted in understatement of receivables from non - exchange transaction and property rates revenue.

45.8 MARAPONG SEWER PLANT

-Marapong Sewer plant was erroneously capitalised in 2012/2013 Financial year while the it was not fully completed. Since completion in 2013 however, the plant was not commissioned and has since fell into a state of disrepair due to vandalism and lack of maintenance.

45.9 KINGBIRD LINE

The project kingbird line ■ completed in 2017/2018 financial year , however the capitalisation was not done in the asset register

45.10 UPGRADE OF SEWERAGE PUMP STATION ■ & 23

Some of the project were completed in the previous financial years however the capitalisation was not done in the fixed asset register

45.11 AC PIPES PHASE ■

The project for the replacement of AC pipes Phase 3 was completed in 2018/2019 financial year and capitalised at the amount lower than actual cost included in the WIP register

45.12 Witpoort Storeroom

The project for Witpoort storeroom was completed and put to in use in November 2019 except ablution facilities which is currently still not completed.

The correction of the above error(s) results in adjustments as follows:

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45. Prior period errors (continued)		
45.1 Landfill Provision		
Landfill site Asset	-	20 476 158
Accumulated Depreciation	-	(939 322)
Accumulated surplus	-	2 964 352
Decrease in short term provision	-	590 289
Provision	-	(26 208 966)
Depreciation	-	560 198
Finance cost	-	2 557 291
	-	-
45.2 Impairment of reservoir		
Accumulated Surplus	-	7 227 231
Depreciation and Impairment	-	(1 290 790)
Accumulated Depreciation	-	(5 936 441)
	-	-
45.3 Reclassification as per MSCOA		
Reclassification of Expenditure	-	511 497 991
	-	-
45.4 Correction of Creditors		
Payables from Exchange Transaction	-	(1 752 304)
Receivables from Non Exchange Transactions	-	1 752 304
	-	-
45.5 Correction of Accruals		
Operational costs	-	(207 465)
Payables from exchange transactions	-	237 373
VAT Payables	-	(29 908)
	-	-
45.6 Correction of Accrual Water Tankering		
Payable from exchange transactions	-	(4 140 000)
Contracted Services	-	3 600 000
VAT Payable	-	540 000
	-	-
45.7 Property Rates - Alloodstyd		
Property Rates	-	15 204 146
Accumulated Surplus	-	(4 272 639)
Receivable from Non Exchange Transactions	-	(10 931 507)
	-	-
45.8 Marapong Sewer Plant		
Decrease in Accumulated Surplus	-	2 938 936
Decrease in Depreciation	-	(492 539)
WIP	-	5 349 429
Infrastructure Assets - Cost	-	(12 324 835)
Decrease in Accumulated Depreciation	-	4 529 009
	-	-
45.9 Kingbirdline		

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Figures in Rand	2020	2019
45. Prior period errors (continued)		
Increase in Accumulated Depreciation	-	(244 464)
Increase in Infrastructure Assets: Cost	-	4 190 817
Decrease in WIP	-	(4 190 817)
Increase in Depreciation	-	139 694
Accumulated Surplus	-	104 770
	-	-

45.10 Upgrade of Sewerage Pump Station 1 ■ ■

Increase in Accumulated Depreciation	-	(586 187)
Increase in Infrastructure Assets: Cost	-	5 670 384
Decrease in WIP	-	(5 670 384)
Increase in Depreciation	-	230 254
Accumulated Surplus	-	355 933
	-	-

45.11 AC Pipes Phase 3

Increase in Accumulated Depreciation	-	(129 095)
Increase in Infrastructure Assets: Cost	-	2 230 052
Decrease in WIP	-	(2 230 052)
Increase in Depreciation	-	129 095
	-	-

45.12 Witpoort Storeroom

Increase in Accumulated Depreciation	-	(9 057)
Increase Infrastructure Assets Cost	-	452 863
Decrease in WIP	-	(452 863)
Increase Depreciation	-	9 057
	-	-

45.3 MSCOA CLASSIFICATIONS

CLASSIFICATION			511 497 991	511 497 991	
Expenditure	2018/19	Re instatement	Column heading	Column heading	Total
Contracted Services	34 633 770	8 682 749	-	-	43 316 519
Collection Costs	2 436 736	(2 436 736)	-	-	-
Repairs and Maintenance	14 525 151	(14 525 151)	-	-	-
Inventory Consumed	-	11 966 216	-	-	11 966 216
General Expenditure	45 472 692	(45 472 692)	-	-	-
Operational Costs	-	43 832 559	-	-	43 832 559
Employee Related Cost	179 786 563	(2 046 944)	-	-	177 739 619
Impairment	5 323 392	(5 323 392)	-	-	-
Depreciation and Amortisation	84 299 059	(84 299 059)	-	-	-
Depreciation, amortisation and Impairment	-	89 622 450	-	-	89 622 450
Remuneration of Councillors	10 541 135	-	-	-	10 541 135
Finance Cost	17 028 115	-	-	-	17 028 115
Transfers and Subsidies	398 192	-	-	-	398 192
Debt Impairment	4 682 601	-	-	-	4 682 601
Bulk Purchases	112 370 585	-	-	-	112 370 585
	511 497 991	-	-	-	511 497 991
Revenue	2018/19	Re - Instatement	Column heading	Column heading	Total
Interest Earned - Outstanding Receivables	23 542 685	(23 542 685)	-	-	-

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
45. Prior period errors (continued)		
Interest Earned on Outstanding Receivables -Service Charges	- 15 456 862	- 15 456 862
Interest Earned on Outstanding Receivables -Property Rates	- 8 085 823	- 8 085 823
	23 542 685	23 542 685

46. Unauthorised expenditure

Unauthorised expenditure	45 346 276	45 346 276
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47. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure incurred during the year	2 973 929	2 030 032
	8 574 180	943 897
	11 548 109	2 973 929

Due to Eskom payment which was paid after 30 days.

48. Irregular expenditure

Opening balance	301 801 191	236 361 096
Add: Irregular Expenditure - current year	43 992 737	65 440 095
	345 793 928	301 801 191

49. Fines

Traffic Fines	573 405	557 150
Fines Building Plans	61 828	116 408
Fines Library	2 903	3 392
	638 136	676 950

Traffic fines refers to fines for law enforcement by traffic officers

Building Plans Fines refers to the penalty charged at the building control division

Fines Library is penalty charged at libraries for late submission of library books

50. Public Private Partnership

The Lephalale Local Municipality entered into Public Private Partnership agreement with EXXARO to finance and operate the Zeeland Water Treatment Plant. The agreement is for the period of 15 years in which the municipality will be paying the loan which is disclosed under finance lease notes. Exxarro is operating and maintaining the Zeeland Water Treatment Plant. There is no cash consideration directly attributed to the operation and maintenance of the Zeeland Water Treatment Plant

51. Collection Costs

Collection Cost	2 177 037	2 436 736
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The expenditure relates to the commission paid to the debt collector appointed with the commission fee of 14.375% of debt collated :

LEPHALALE LOCAL MUNICIPALITY

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Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
52. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA		
Current year subscription / fee	2 030 020	1 884 320
Amount paid - current year	(2 030 020)	(1 884 320)
	-	-
Audit fees		
Current year subscription / fee	5 917 220	4 516 919
Amount paid - current year	(5 917 220)	(4 516 919)
	-	-
PAYE and UIF		
Current year subscription / fee	34 353 809	31 343 176
Amount paid - current year	(34 353 809)	(31 343 176)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	50 716 148	47 656 866
Amount paid - current year	(50 716 148)	(47 656 866)
	-	-
VAT		
VAT payable	■ 771 005	6 279 013

VAT output payables and VAT input receivables are shown in note 19.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

No councillors had arrear accounts outstanding for more than 90 days at 30 June 2020

LEPHALALE LOCAL MUNICIPALITY

(Registration number LIM362)

Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
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52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

Deviation.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements. The accounting officer has approved the deviations amounting to R 2 915 326

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Deviation	2 915 326	2 736 893
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53. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	1 974 883	2 511 596
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Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

54. Distribution Losses

Water losses - The Municipality's water losses for 2020 and 2019 are 30.88% and 29.34% respectively. The losses are due to illegal connections in Marapong Township and the asbestos pipe in the network which often break. The Municipality is in the process of replacing asbestos pipes and addressing the illegal connections in Marapong.

Water Losses

Units Purchased (kl)	6 919 389	6 571 513
Units Sold (kl)	4 373 658	4 477 292
Average Cost Per Unit Purchased (cents per kl)	1.97	1.83
Net loss (kl)	2 545 731	2 041 856
Loss of Water	30.88%	29.34%

Electricity losses - The Municipality's electricity gain for 2019 was 10.68% and gain for 2020 is 21%. The Municipality has installed electricity smart meters in order to reduce losses.

Electricity losses

Units Purchased (kw/h)	80 054 351	101 628 108
Units Sold (kw/h)	97 349 370	110 657 935
Average Cost Per Unit Purchased (cents per kw/h)	R 1.19	R 0.98
Net Gain/(loss) (kwh)	17 295 019	■ 029 827
%Gain of Electricity	21.00%	10.68%

55. Licences and Permits

Licences and Permits	■ 589 533	8 397 034
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The licences and Permits fees relate to the agency fees for Department of Roads and Transport.

LEPHALALE LOCAL MUNICIPALITY

(Registration number LIM362)

Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
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56. Interest Earned - Outstanding Receivables

Interest Earned - Outstanding Receivables	14 122 850	15 456 862
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Interest Earned on Outstanding Receivables includes the interest charged on the outstanding Debtors.

57. Inventory Consumed

Inventory Consumed	8 977 186	11 966 216
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58. Budget differences

Material differences between budget and actual amounts

- A1 - Services Charges Due to low consumption from consumer - COVID 19
- A2 - Rental of facilities & equipment - There was less activities on our sports facilities .
- A3 - Interest received (trading) - Due to interest relief on clients
- A4 - Licences & permits - Less people renewed licences at the Municipality due to impact of fire incidents and COVID 19
- A5 - Building Fees - Due to low development around Lephalale.
- A6 - Other income - Due to misallocation of VAT on conditional grants and revenue on own funding projects.
- A7 - Interest received (investment) - Due to low spending on the grants and subsidies received
- A8 - Property rates - Due to the supplementary valuation that took place during the year Altoodstyd.
- A9 - Government grants & subsidies - Due to low spending on the grants and subsidies .
- A10 - Interest Received - Property Rates - Due to interest relief on clients
- A11 - Fines, Penalties & Forfeits - is within the norm
- A12 - Personnel - Due to Vacant position not filled.
- A13 - Depreciation & amortisation - Due to Capitalisation of completed assets and prior period error.
- A14 - Finance costs - Due to repayment of Zeeland Finance Lease .
- A15 - Debt Impairment - Due to impairment of debtors which is done at the financial year end.
- A16 - Collection costs - The service provider appointed for collection of outstanding debtors.
- A17 - Inventory Consumed - infrastructure refurbishment and misclassifications as per MSCOA.
- A18 - Bulk purchases - Low consumer consumption.
- A19 - Contracted services - Due to misclassification of contracted services and inventory consumed as per MSCOA.
- A20 - Transfers & Subsidies - Due non-functional NGO's subsidised by the municipality
- A21 - Operating Expenses - Implementation of cost containment circular and implementation of new financial system.

LEPHALALE LOCAL MUNICIPALITY
Appendix A

Schedule of external loans as at 30 June 2019

Loan Number	Redeemable	Balance 30 June 2019	Received during the period	Redeemed written off during the period	Balance at 30 June 2019	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
DBSA							
1	31/03/2023	2 511 596	-	548 619	1 962 977	-	-
		2 511 596	-	548 619	1 962 977	-	-
Lease Liabilities							
1	27/06/2027	73 485 194	-	5 688 011	67 797 183	-	-
		73 485 194	-	5 688 011	67 797 183	-	-
Finance lease liabilities							
Funding facility							
Development Bank of South Africa							
Bonds							
Other loans							
Lease liability							
Annuity loans							
Government loans							
Total external loans							
DBSA		2 511 596	-	548 619	1 962 977	-	-
Lease Liabilities		73 485 194	-	5 688 011	67 797 183	-	-
Funding facility		-	-	-	-	-	-
Development Bank of South Africa		-	-	-	-	-	-
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
Lease liability		-	-	-	-	-	-
Annuity loans		-	-	-	-	-	-
Government loans		-	-	-	-	-	-

LEPHALALE LOCAL MUNICIPALITY
Appendix A

Schedule of external loans as at 30 June 2019

Loan Number	Redeemable Balance as at 30 June 2019 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2020 Rand	Carrying Value of Property, Plant and Equipment Rand	Other Costs in accordance with the MFMA Rand
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
75 996 790	-	-	6 236 630	69 760 160	-	-

LEPHALE LOCAL MUNICIPALITY
LEPHALE LOCAL MUNICIPALITY
Appendix B

Analysis of property, plant and equipment at 30 June 2019
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	70 828 158	143 845	-	-	-	-	70 972	-	-	-	-	-	-	70 972 003
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Office Buildings Separate for AFS purposes)	25 982 432	-	-	-	-	-	432	(14 092 091)	-	-	(812 145)	-	(14 904 236)	11 058 196
	96 590	143	-	-	-	-	934 435	(14 092 091)	-	-	(812 145)	-	(14 904 236)	82 030 199
Infrastructure														
Roads	576 760 574	48 379 876	-	-	-	-	625 140 450	(216 738 974)	-	-	(26 489 326)	(1 643 106)	(247 871 406)	377 269 044
Storm water	30 119 840	-	-	-	-	-	119 840	(4 940 172)	-	-	(563 826)	-	(5 523 956)	24 595 842
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	746 781 850	22 949 301	-	-	-	-	769 731 151	(216 123 095)	-	-	(30 051 084)	(1 037 361)	(247 211 540)	522 519 611
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Reticulation	186 595 359	-	-	-	-	-	186 595 359	(95 998 860)	-	-	(5 552 868)	(443 227)	(101 955)	94 600 404
Sewerage	138 377 326	-	-	-	-	-	138 377 326	(58 617 243)	-	-	(7 385 533)	(409 544)	(392 320)	76 009 354
Transportation	13 956 179	-	-	-	-	-	956 179	(4 389 785)	-	-	(915 204)	-	(5 989)	8 671 190
Fencing	91 581	-	-	-	-	-	91 581	(84 084)	-	-	(1 167)	(1 136)	(86 387)	5 194
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Buildings (Non admin Buildings)	1 039 843	-	-	-	-	-	1 039 843	(535 335)	-	-	(25 433)	-	(768)	479 075
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 703 722 552	71 329 177	-	-	-	-	1 775 051 729	(595 548)	-	-	(73 984 441)	(3 374)	(672 826 363)	1 104 714
Community Assets														
Parks & gardens	8 583 269	-	-	-	-	-	289	(1 812 017)	-	-	(313 972)	-	(2)	6 457 280
Sportsfields and stadium	37 220 099	-	-	-	-	-	37 220 099	(3 034 680)	-	-	(1 386 837)	-	(4 421 517)	32 798 582
Electricity	833 246	-	-	-	-	-	833 246	(120 047)	-	-	(32 791)	-	(152 838)	408
Water	1 791 327	-	-	-	-	-	1 791 327	(12 564)	-	-	(35 826)	-	(390)	1 742 937
Libraries	10 385 451	-	-	-	-	-	10 385 451	(3 897 820)	-	-	(345 876)	-	(4 243 696)	6 141 755
Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	2 051 129	-	-	-	-	-	2 051	(1 634 366)	-	-	(36 349)	-	(1 670 715)	380 414
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation	8 882	-	-	-	-	-	8 882	(709)	-	-	(222)	-	(931)	7 951
Cemeteries	189 630	-	-	-	-	-	630	(121 790)	-	-	(6 290)	-	(128 080)	61 550
Community Assets	47 187 397	-	-	-	-	-	47 397	(6 388 055)	-	-	(1 554 418)	-	(7 942 473)	39 244 924
Community Centers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxi Rank	760 472	-	-	-	-	-	760 472	(489 472)	-	-	(20 376)	-	(503 848)	250 624
Public Landfill Site	5 165 352	-	-	-	-	-	5 165 352	(464 789)	-	-	(203 820)	-	(668 589)	4 496 763
	114 176 254	-	-	-	-	-	114 176 254	(17 976 289)	-	-	(3 936 777)	-	(21 913 066)	88 263 268

LEPHALE LOCAL MUNICIPALITY
LEPHALE LOCAL MUNICIPALITY
Appendix B

Analysis of property, plant and equipment as at 30 June 2019
Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Other	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Motor vehicles	51 348 737	-	-	-	-	-	51 348 737	(30 657 332)	-	-	(2 177 655)	(1 152 412)	(33 987 399)	17 361 338
Plant & equipment	4 667 584	-	-	-	-	-	4 667 584	(2 630 887)	-	-	(284 509)	(93 218)	(3 008 614)	1 658 970
Computer Equipment	7 293 624	139 104	-	-	-	-	7 432 728	(3 935 015)	-	-	(557 251)	(191 852)	(4 684 118)	2 748 610
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	8 027 297	88 700	-	-	-	-	8 115 997	(5 483 272)	-	-	(617 800)	(129 018)	(6 230 090)	1 885 907
Office Equipment	3 760 782	-	-	-	-	-	3 760 782	(2 770 644)	-	-	(163 990)	(36 650)	(2 971 284)	789 498
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	3 588 348	-	-	-	-	-	3 588 348	(1 266 459)	-	-	-	(185 867)	(1 683 250)	1 905 099
Work in progress	161 121 365	52 881 643	-	-	-	-	214 003 008	-	-	-	-	-	-	142 673 851
Books	2 273 590	-	-	(71 329 177)	-	-	2 202 261	(1 899 850)	-	-	(43 492)	-	(1 943 342)	330 248
Other Assets - Leased (Smart Meters)	-	329 034	-	-	-	-	329 034	(5 129 087)	-	-	(1 291 936)	-	(6 421 023)	26 034 785
Surplus Assets - (Investment or Inventory)	32 126 774	-	-	-	-	-	32 126 774	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	274 208 122	53 438 481	-	(71 329 177)	-	-	256 317 426	(63 792 588)	-	-	(5 347 517)	(1 789 017)	(60 929 120)	195 388 306

	Analysis of property, plant and equipment as at 30 June 2019	Accumulated depreciation
	Cost/Revaluation	

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LEPHALE LOCAL MUNICIPALITY
Appendix B

Analysis of property, plant and equipment as at 30 June 2020
Cost/Revaluation
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	70 972 003	-	-	-	-	-	70 972 003	-	-	-	-	-	-	70 972 003
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Office Building Separate for AFS purposes)	25 982 432	421 601	-	-	-	-	26 384 033	(14 904 235)	-	-	(811 908)	(39 786)	(15 755 927)	10 628 106
	96 954 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 908)	(39 786)	(15 755 927)	81 600 109
Infrastructure														
Roads	627 053 131	-	-	-	-	-	627 053 131	(248 880 267)	-	-	(30 989 454)	(962 279)	(280 832 000)	346 261 131
Storm water	30 119 840	-	-	-	-	-	30 119 840	(5 523 898)	-	-	(585 426)	-	(6 109 426)	24 010 415
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticalulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	772 414 067	-	-	-	-	-	772 414 067	(253 184 184)	-	-	(29 165 181)	(38 562)	(282 387 927)	490 026 140
Reticalulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Reticalulation	201 135 200	420 500	-	-	-	-	201 555 700	(102 406 125)	-	-	(5 700 236)	(149 678)	(108 256 039)	93 289 661
Sewerage	131 741 478	-	-	-	-	-	131 741 478	(80 457 170)	-	-	(6 944 137)	(44 284)	(87 445 591)	64 295 887
Transportation	13 951 277	-	-	-	-	-	13 951 277	(5 282 049)	-	-	(917 410)	-	(6 189 459)	7 751 818
Fencing	91 581	-	-	-	-	-	91 581	(86 387)	-	-	(1 027)	-	(87 414)	4 167
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Buildings (Non admin Buildings)	1 039 843	-	-	-	-	-	1 039 843	(560 768)	-	-	(25 503)	-	(586 271)	453 572
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (Land and Buildings)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 777 585 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets														
Parks & gardens	8 583 269	-	-	-	-	-	8 583 269	(2 125 780)	-	-	(313 582)	(39 455)	(2 478 817)	6 104 452
Sportsfields and stadium	37 220 099	-	-	-	-	-	37 220 099	(4 421 518)	-	-	(1 390 433)	(90)	(5 812 041)	31 408 058
Electricity	794 345	-	-	-	-	-	794 345	(133 011)	-	-	(31 818)	-	(164 828)	629 516
Water	1 791 327	-	-	-	-	-	1 791 327	(48 390)	-	-	(35 925)	-	(184 316)	1 707 012
Libraries	10 385 451	-	-	-	-	-	10 385 451	(3 555 444)	-	-	(352 595)	-	(3 918 039)	6 467 412
Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	2 051 129	-	-	-	-	-	2 051 129	(1 671 715)	-	-	(33 473)	-	(1 705 188)	345 941
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation	8 882	-	-	-	-	-	8 882	(931)	-	-	(222)	-	(1 163)	7 729
Cemeteries	189 630	-	-	-	-	-	189 630	(128 081)	-	-	(6 308)	-	(134 389)	55 241
Community Assets	64 813 728	-	-	-	-	(9 850 352)	64 963 376	(7 696 594)	-	-	(2 012 199)	-	(9 708 793)	45 254 563
Community Centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxi Rank	760 472	-	-	-	-	-	760 472	(509 849)	-	-	(20 432)	-	(530 281)	230 191
Publi Landfill site	5 165 352	-	-	-	-	-	5 165 352	(671 416)	-	-	(204 468)	(39 097)	(914 981)	4 250 371
	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 462 826)	96 460 508

LEPHALE LOCAL MUNICIPALITY
LEPHALE LOCAL MUNICIPALITY
Appendix B

Analysis of property, plant and equipment as at 30 June 2020
Cost/Revaluation
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Other	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Motor vehicles	51 348 737	2 550 618	-	-	-	-	53 899 355	(33 981 362)	-	-	(2 398 510)	(1 003 232)	(37 383 104)	16 516 251
Plant & equipment	4 669 323	27 000	-	-	-	-	4 696 323	(3 010 119)	-	-	(265 929)	(923)	(3 276 971)	1 419 352
Computer Equipment	7 422 404	2 001 514	-	-	-	-	9 423 918	(4 713 957)	-	-	(537 093)	(34 172)	(5 256 222)	4 138 696
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	8 100 773	124 250	-	-	-	-	8 225 023	(6 219 208)	-	-	(526 645)	(53 036)	(6 798 889)	1 426 134
Office Equipment	3 760 782	966 951	-	-	-	-	4 727 733	(2 871 279)	-	-	(245 976)	(21 971)	(3 239 226)	1 488 507
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	3 588 349	-	-	-	-	-	3 588 349	(1 683 250)	-	-	-	-	(1 894 708)	1 693 641
Work in progress	142 454 567	59 060 294	-	-	(15 283 902)	-	186 220 959	(6 975 904)	-	-	(211 458)	(968 890)	(7 942 794)	178 278 165
Books	2 273 590	-	-	-	-	-	2 273 590	(1 943 342)	-	-	(121 423)	-	(2 064 766)	208 825
Other Assets - Leased (Smart Meters)	32 455 808	-	-	-	-	-	32 455 808	(6 421 023)	-	-	(1 301 789)	-	(7 722 812)	24 732 995
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	256 074 333	64 730 627	-	(15 283 902)	-	-	305 511 058	(67 919 444)	-	-	(5 508 823)	(2 080 224)	(75 608 491)	229 902 567

LEPHALALE LOCAL MUNICIPALITY
LEPHALALE LOCAL MUNICIPALITY
Appendix B

Analysis of property, plant and equipment as at 30 June 2020
Accumulated depreciation

Cost/Revaluation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 435 869	65 572 728	-	(15 293 902)	-	(9 850 352)	2 302 864 343	(780 177 357)	-	-	(85 150 568)	(3 393 465)	(868 721 370)	1 434 142 973
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	2 262 760	-	-	-	-	-	2 262 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
Infrastructure	1 777 596 417	420 500	-	-	-	-	1 778 006 917	(676 380 949)	-	-	(74 328 374)	(1 194 803)	(751 904 126)	1 026 102 791
Community Assets	131 763 684	-	-	-	-	(9 850 352)	121 913 332	(20 972 729)	-	-	(4 401 455)	(78 642)	(25 452 826)	96 460 506
Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-	-	-	77 000
Specialised vehicles	256 074 333	64 730 627	-	(15 293 902)	-	-	305 511 058	(67 919 444)	-	-	(5 608 823)	(2 080 224)	(75 608 491)	229 902 567
Other assets	2 282 760	-	-	-	-	-	2 282 760	(937 503)	-	-	(346 968)	-	(1 284 471)	978 289
Agricultural/Biological assets														
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	96 934 435	421 601	-	-	-	-	97 356 036	(14 904 235)	-	-	(811 906)	(39 786)	(15 755 927)	81 600 109
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Heritage assets	77 000	-	-	-	-	-	77 000	-	-	-	-</			